

103
DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR 1994

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PT. 2

Department of Defense Appropriation...INGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS
FIRST SESSION

SUBCOMMITTEE ON THE DEPARTMENT OF DEFENSE

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 1994

WEDNESDAY, MAY 12, 1993.

OPERATION AND MAINTENANCE—OVERVIEW

WITNESSES

BRIGADIER GENERAL ROGER G. THOMPSON, JR., USA, DIRECTOR FOR OPERATIONS AND SUPPORT, OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY FOR FINANCIAL MANAGEMENT

REAR ADMIRAL WILLIAM A. EARNER, JR., USN, DIRECTOR, FISCAL MANAGEMENT DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

BRIGADIER GENERAL ALLEN D. BUNGER, USAF, DIRECTOR OF BUDGET OPERATIONS, OFFICE OF THE ASSISTANT SECRETARY OF THE AIR FORCE FOR FINANCIAL MANAGEMENT AND COMPTROLLER

BRIGADIER GENERAL J.D. STEWART, USMC, DIRECTOR, LOGISTICS PLANS, POLICIES AND STRATEGIC MOBILITY DIVISION, INSTALLATIONS AND LOGISTICS DEPARTMENT

INTRODUCTION

Mr. MURTHA. The committee will come to order.

Today the Committee welcomes Brigadier General Roger G. Thompson; Rear Admiral William A. Earner; Brigadier General Allen D. Bunger; and Brigadier General J.D. Stewart. I welcome this distinguished panel. We will put your biographies in the record.

The purpose of this hearing is to get some feeling for what is happening to the Operation and Maintenance—O&M—money and if there is enough. One of the things that I have told the President is that I can support reduced funding for the military if there is a reduction in the tempo of operations.

I would like each of you to think about that and address that as we talk about various aspects of the O&M appropriation.

We will put your statements in the record. Summarize them for me and then we will get right to the questions.

Let's start with General Thompson.

SUMMARY STATEMENT OF GENERAL THOMPSON

General THOMPSON. Yes, sir. I appreciate the opportunity to be here today. I do have prepared remarks and I can certainly summarize them for you and place them in the record.

One of the key issues that we think is near and dear to everybody as we go through these deliberations, and you have already alluded to it, is just what is the operation and maintenance appropriation buying?

Our position, sir, is that OMA buys readiness. When we look at what readiness is, we see it extending from initial recruiting efforts, reception and entry into the Army receiving the individual initial entry training that all soldiers receive followed by their entire training and education process as individuals. The training process includes training they get as members of units, ranging from home station training all the way to the National Training Center and the other places where we find ourselves training.

In addition to that, we talk about the buying power projection platforms. We talk about only buying the things that allow us to be good intelligence so that we can surveil the potential enemies that the Army and the United States have, as well as communications intelligence, automation we rely so heavily on to accomplish so we can do the things that we have to do at a much greater pace and rate than we had before.

Mr. Chairman, the Army will go through an extremely important period of change over the next few years, having gone through the transformation that has already begun. We are very pleased to be able to address this committee and discuss some of the issues.

We believe that we have a fragile balance in our entire appropriation. We believe that this balance is one that causes some concern as we go into fiscal year 1994. We think that the way we have applied the cuts we have taken thus far transitioning from 1993 to 1994 primarily in force structure gives us that fragile balance.

We have also taken a hard look at some of the areas like consultants fees, travel, and other budget items that some people like to call "fringe things." I believe we have done a pretty good job at getting at those as well; and so, the net result is that after coming down 180,000 soldiers and 70,000 civilian positions in the last 3 years, and looking at what we still have to do, we have been able to maintain a balance.

We know we must be trained and ready, but we are concerned that the balance is so fragile that we would like to request your support, we would like to request your support of this entire budget, because, not supporting it would undermine this very, very fragile balance.

That concludes my remarks, sir.

[The statement of General Thompson follows:]

RECORD VERSION

STATEMENT BY
BRIGADIER GENERAL ROGER G. THOMPSON, JR.
DIRECTOR FOR OPERATIONS AND SUPPORT
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
(FINANCIAL MANAGEMENT)

BEFORE THE
SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
FIRST SESSION, 103RD CONGRESS

OPERATION AND MAINTENANCE, ARMY APPROPRIATION

12 MAY 1993

NOT FOR PUBLICATION
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HOUSE APPROPRIATIONS
COMMITTEE

BRIGADIER GENERAL ROGER G. THOMPSON

**Director for Operations and Support
Department of the Army
Washington, DC**

Brigadier General Roger G. Thompson, Jr. is from Ashland, Kentucky. He was commissioned in the Artillery and initially served with the 1st Armored Division in Fort Hood, Texas where he commanded 'D' Battery, 1st Battalion, 73d Artillery. In Vietnam, he was S2/S5 of the 2d Battalion, 321st Field Artillery, and later commanded its 'B' Battery. He was then assigned to Germany where he was battalion executive officer of the 3d Battalion, 76th Field Artillery, 3d Infantry Division. After serving as division G4 Plans and Operations Officer, he attended Transportation Officer Advanced Course and became commander of the 870th Terminal Transfer Company followed by duty in the U.S. Army Transportation School's Concepts and Doctrine Directorate. Subsequent assignments include: Corps Budget Officer, VII Corps in Germany; ACofS, Transportation, 2d Corps Support Command (Germany); and Cargo Operations Officer, Department of the Army DCSLOG, Washington, DC. In 1983 Brigadier General Thompson commanded South Atlantic Outport, Military Transportation Management Command. He later was G4, 3d Infantry Division, and Commander, 37th Transportation Command, in Germany. On 12 August 1991, he assumed duties at the U.S. Army Combined Arms Support Command at Fort Lee, Virginia, as Deputy Commander for Combat Developments. On 10 April 1992, he began his duties as Director for Operations and Support, Office of the Assistant Secretary of the Army (Financial Management), Washington, DC.

Brigadier General Thompson holds a Bachelor of Science degree from the U.S. Military Academy, a Master of Business Administration from Syracuse University, and a Master of Arts degree in National Security and Strategic Studies from the U.S. Naval War College.

Awards and decorations include the Legion of Merit, Bronze Star Medal, Meritorious Service Medal (5 OLC)), and the Army Commendation Medal (2 OLC). Additionally, Brigadier General Thompson was designated for award of the German Cross of Honor (Silver).

Brigadier General Thompson and his wife, Inga Marie, have two children, Colleen and Brendhan. Both are students at West Springfield High School in Virginia.

INTRODUCTION

Mr. Chairman and Members of the Committee, I am pleased to present the Army's Fiscal Year 1994 Operation and Maintenance, Army (OMA) budget request which is focused on the watchwords of balance, pace and affordability; additionally, I will describe the challenge of maintaining the Army at high levels of readiness while undergoing structural metamorphosis in a tight fiscal environment. During this metamorphosis, the Army is being transformed into a force that will be significantly different from what it is today -- it will be the Army of the 21st century. Our Chief of Staff articulated the challenge of reshaping the Army in this year's posture statement and also made clear that readiness of our Army is a responsibility shared by the Army, the Congress and the American people.

AMERICA'S ARMY - TRAINED and READY

"AMERICA'S ARMY KNOWS WHERE IT IS HEADED. WE ARE HEADED TO THE 21st CENTURY, TO SERVICE, AND TO VICTORY -- SUCCESS AT WHATEVER WE ARE CALLED UPON TO DO."

GENERAL GORDON R. SULLIVAN
CHIEF OF STAFF, ARMY

(Chart 1) AMERICA'S ARMY - TRAINED AND READY

The Operation and Maintenance, Army (OMA) appropriation is the resource cornerstone of Army readiness. OMA pays the costs of soldier training, fuel and repair parts, civilian pay and training, the maintenance of our facilities, and more. It also pays for some of the costs of the Army's transformation. A significant portion of our challenge is to ensure we use our limited OMA dollars in the best possible way to maintain readiness while concurrently supporting the Army's transformation. Our success in maintaining readiness while managing the pace of the transformation is directly dependent on the operating and maintenance resource levels appropriated for the Army. Last year, the Chief of Staff provided the azimuth for our work with his four enabling strategies. This year we are continuing on the same course he directed.

THE ENABLING STRATEGIES

- ✓ ENSURE A TRAINED AND READY ARMY
... MAINTAIN THE EDGE
- ✓ RESHAPE THE FORCE TO BEST ACCOMMODATE
THE NATIONAL MILITARY STRATEGY
- ✓ ACHIEVE GREATER EFFICIENCIES IN HOW WE
PROVIDE RESOURCES FOR THE FORCE
- ✓ STRENGTHEN THE TOTAL FORCE... ACTIVE
AND RESERVE... ACHIEVE TOTAL FORCE
READINESS IN WORD AND FACT

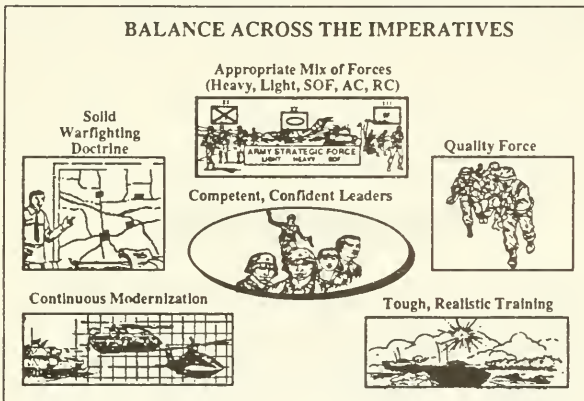
(Chart 2)
THE ENABLING STRATEGIES

These four enabling strategies will continue to provide the general direction for allocation of our resources during the entire transformation period. By following this direction we will ensure that the Army, at the beginning of the 21st century, will emerge, changed in size and form, but unchanged in its training and readiness posture.

MAINTAINING THE EDGE

The United States Army, your Army, is the finest in the world. It has proven itself on the battlefield. The victories in Panama and Iraq, and even in the Cold War, did not happen by accident. These victories were won because the nation deliberately created a force with a honed and tempered edge that could both fight and sustain itself in combat. These victories have engendered events that are changing the world significantly. We are anticipating these changes and transforming the Army to fit the changing environment. A major worldwide conflict with the former Soviet Union is no longer likely, but the probability of regional conflicts and other instabilities is greater. Therefore, we must plan to maintain our edge. We will maintain the warfighting edge not only in the quality of our soldiers, our leaders and our equipment - but also in the ability to execute

bold, sound and aggressive tactical concepts refined by years of hard training. These qualities and capabilities are what OMA buys. We have spent many years concentrating on what is important to our Army and have resourced our top priority programs accordingly. In previous testimony before this Committee, we discussed the importance of allocating resources to ensure proper balance among the Army's imperatives -- those areas where America's Army must not be second class. The imperatives, shown in Chart 3, have not changed, and applying the necessary resources to ensure proper balance remains the key to maintaining the edge.



(Chart 3)
BALANCE ACROSS THE IMPERATIVES

Transforming the Army while maintaining the edge in a fiscally constrained environment is not easy but we are committed to the American people that, although smaller, their Army will be of the highest possible quality. A quality force has to be recruited, trained, and properly sustained with OMA funds. O&M funds directly affect the human element of the force. In this year's budget, our recruiting and institutional training programs reflect adjustments to the size of the force with corresponding

training load adjustments. We have intentionally kept the programs as strong as possible; consequently, the decrease in training dollars is not proportional to our personnel reductions. During these turbulent times, more training will be needed in some skills as we become a CONUS-based, power-projection Army. We continue to incorporate DESERT STORM lessons learned into a number of areas, particularly training. For example, in Flight Training, we budgeted adjustments to ensure adequacy in the number of pilots during wartime. As the Army downsizes, some skill imbalance will occur. Many of the soldiers who remain in the Army will require training in new or different job skills. Institutional training resources are critical to maintain the proper balance between job requirements and soldier skills. We must continue to recruit quality soldiers, cross-trained and able to meet the demands of the 21st century Army. We need to have sufficient resources to reclassify and train leaders able to manage the challenges of the post cold-war world. The institutional training funding history and request are shown in Chart 4.

TRAINING A QUALITY FORCE			
AREA	FY1992	FY1993	FY1994
RECRUIT TRAINING	7.1	15.2	12.6
ONE STATION UNIT TRAINING (OSUT)	13.8	12.8	12.9
PROFESSIONAL DEVELOPMENT	99.2	61.3	61.5
SPECIALIZED SKILL DEVELOPMENT	241.8	406.9	327.3
FLIGHT TRAINING	211.1	227.6	257.4
OFFICER ACQUISITION	41.8	45.8	44.3
SENIOR ROTC	101.1	101.7	95.3
TRAINING SUPPORT	404.8	321.8	349.7
TOTAL	1120.7	1193.1	1161.0

(Chart 4)
TRAINING A QUALITY FORCE

Our recent wartime experiences reinforced our commitment to develop and maintain a well-educated Army leadership. This commitment is reflected in the high priority we place on leadership training, one element of our institutional training program. We have provided resources to ensure soldiers and civilians at all levels are fit and ready to lead America's sons and daughters. All Army leadership training programs are funded by OMA.

Combat in a high tech world is lethal, fast moving and highly demanding on leaders of all grades. While practice in the field and experience during actual combat are great leadership developers, we must augment the development process with formal education. Our Non-Commissioned Officer Corps receives formal education through a series of professional development courses starting with the Primary Leadership Development Course (PLDC) conducted at the installation level throughout the Army, the Basic and Advanced Non-Commissioned Officer Courses (BNCOC/ANCOC) held at selected posts, and the Sergeants Major Academy (SMA) at Fort Bliss, Texas. Officers receive their formal education through the Officer Basic and Advanced Courses (OBC/OAC) associated with their basic branch, the Combined Arms and Services Staff School (CAS3) and the Army Command and General Staff College (CGSC) at Fort Leavenworth, Kansas, and the Senior Service Colleges (SSC) in Washington, D.C., and Carlisle, Pennsylvania. These schools benefit both the active and reserve components. Adequate resourcing of the Army's school system and supporting infrastructure is essential if we are to continue developing the Army's future leaders.

Civilian training is also an integral part of maintaining the edge. Increased emphasis is being directed toward providing mid-level professional and leadership development training that will allow the reduced civilian workforce to better manage the ever-increasing complexity of the Army and accommodate the extra responsibility being placed on our civilian leaders. For example, the Army Management Staff College, which doubled in size in FY93, will continue at that level in FY94.

Another major factor in maintaining the edge is unit training, the peacetime mission of our forces in the field. We have supported unit training in the FY94 budget by providing full funding for operating tempo (OPTEMPO). Key elements to unit training are the various Combat Training Center (CTC) programs. Planned resource levels and rotations at our CTCs are illustrated in Chart 5.

COMBAT TRAINING CENTER PROGRAM			
	\$M		
TRAINING CENTERS	FY92	FY93	FY94
NATIONAL TRAINING CENTER (NTC)	167	171	213
JOINT READINESS TRAINING CENTER (JRTC)	82	105	95
COMBAT MANUEVER TRAINING CENTER (CMTC)	48	45	48
BATTLE COMMAND TRAINING PROGRAM (BCTP)	42	47	47
TOTAL	329	368	403

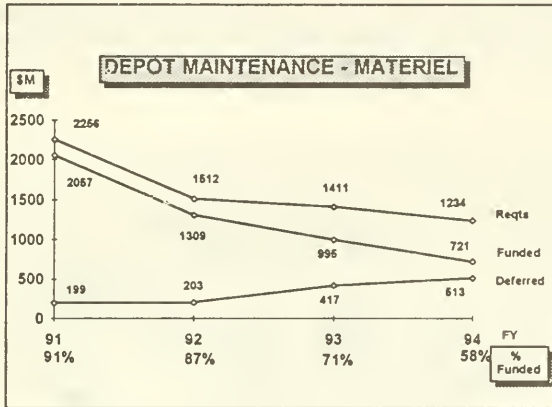
FY 1994 ROTATIONS		
NTC	12	(30 AC BNs)
JRTC	10	(20 AC BNs)
CMTC	26	(26 AC BNs)
BCTP	14	(10 DIVISION/ 2 CORPS)

(Chart 5)
COMBAT TRAINING CENTER PROGRAM

We have maintained OPTEMPO funding levels for the active component at 800 ground miles and 14.5 air hours, but we continue to use alternative, less costly, means of training soldiers via simulators, computer driven exercises and other cost saving initiatives to supplement field training. For example, the Battle Command Training Program (BCTP) improves combat readiness by training Corps and Division staffs using computer assisted battlefield simulation, terrain board models and tactical communications to replicate those forces supported by the staff being trained.

Maintaining the edge also has an equipment dimension. Depot maintenance requirements are funded from many sources (OMA, Defense Business Operations Fund, National Guard, Army Reserve, Procurement, and RDTE). Chart 6 shows the Army's OMA funded depot maintenance program which provides for the major repair of vast quantities of combat and combat support equipment. Current depot maintenance OMA funding levels support the minimum

sustainment needs of the contingency corps and early deploying forces, but are insufficient to reduce the deferred depot maintenance backlog. Additionally, the backlog increases as funding is insufficient to perform all the maintenance on equipment that is planned for redistribution to the Army National Guard and Army Reserve.



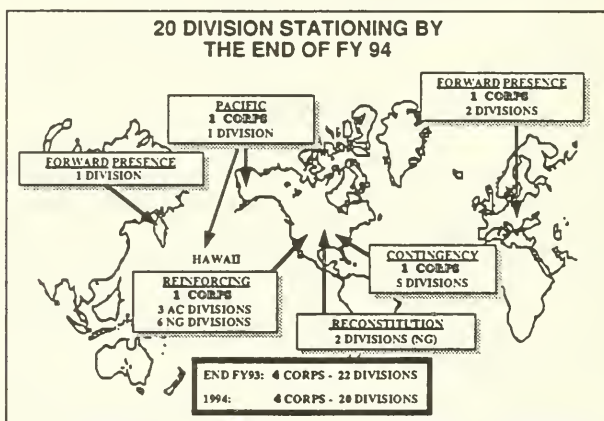
(Chart 6)
OMA DEPOT MAINTENANCE

RESHAPING THE FORCE

The fundamental role of America's armed forces remains to deter war, and should deterrence fail, to defend the nation's vital interests against potential foes. With the disintegration of the Soviet Union, the primary threat to our security is being unprepared for a crisis or war that nobody expected or predicted. The Army we have designed to meet this challenge is not a smaller Cold War Army. It is a new force, designed as a post-Cold War Army that is a regionally oriented, power-projection force capable of achieving quick, decisive victory on the battlefield - anywhere in the world and under virtually any conditions. While the crisis response contingency forces will be drawn primarily from the active component, they will require significant reserve component forces to sustain them in combat.

Reserve component forces will be critical to the achievement of decisive victory in global or protracted warfare.

The Army's transformation for the 21st century has already begun. By the end of FY93, we will have 14 active and 8 reserve component divisions. By the end of FY94, we will have cut 2 more active component divisions from the force structure, leaving 12 active component and 8 reserve component divisions. Maintaining our warfighting edge during this transformation, as we reduce strength, restation units, and move personnel, has become very challenging. The FY94 yearend stationing plan is illustrated in Chart 7.



(Chart 7)
20 DIVISION STATIONING BY THE END OF FY94

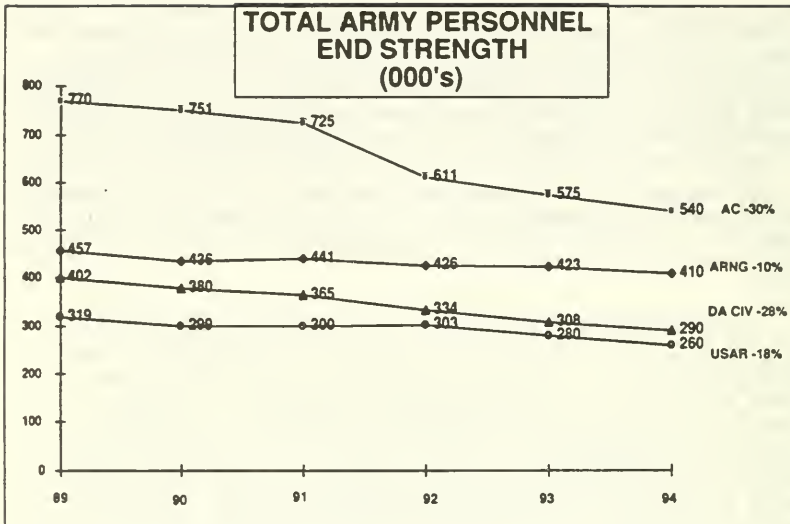
The reshaped Total Army will have a forward presence of 4 divisions (2 in Europe and 2 in the Pacific); 5 CONUS-based contingency force divisions prepared to act as part of a crisis response force; 3 active component and 6 reserve component divisions focused on serving as the reinforcing force; and 2

cadre divisions to serve as the foundation of a national reconstitution capability with an overall focus on sustainment of global or protracted conflicts. A significant reduction will also occur in combat and combat service support units in both the active and the reserve components to correspond to the reductions within the combat forces. Great care is being taken to conduct a balanced force reduction from a Total Army perspective to ensure that unnecessary or unneeded force structure is not retained.

We are striving to preserve a quality fighting force within rapidly declining funding levels and continued manpower reductions, while simultaneously attempting to minimize adverse impacts to our personnel and their families who have served us so well.

We have attempted to craft a more proactive and balanced role for the reserve components and have proposed reductions which will result in a strong and effective Army National Guard and Army Reserve. A basic consideration in determining the proper AC/RC mix is the required availability for deployment, which drives required unit readiness, and which is largely dependent on warning and response time. Active component forward response forces stand as a ready commitment to our allies and ready deterrent to our foes, while AC contingency forces are needed for rapid deployment in the face of crisis. Selected reserve component units will be required to maintain a high level of readiness in order to be available to augment and assist early deploying AC units.

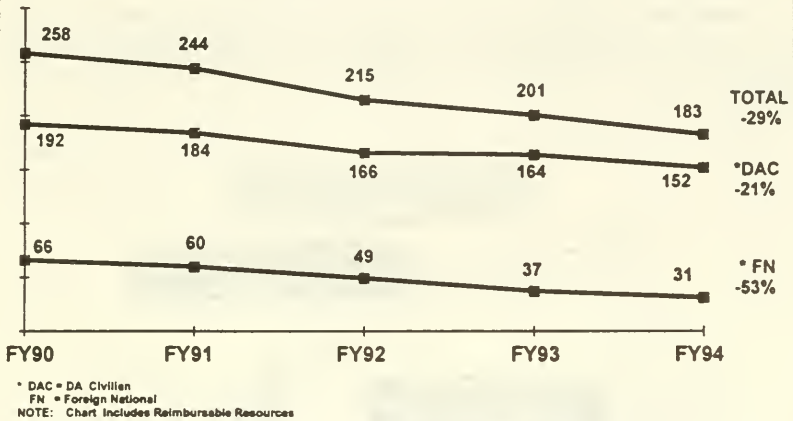
Civilian manpower projections have changed somewhat from last year to reflect an acceleration of the European drawdown, personnel transfers to OSD activities, and overall Army downsizing. Voluntary separation and early retirement incentives provide flexibility in achieving programmed manpower reductions. Continued Congressional support for these incentives is needed to avoid many of the involuntary reduction in force (RIF) actions that would otherwise occur. Some RIFs still may be required, but we are making every attempt to reduce civilian strength in a non-obtrusive manner. Our focus in managing the civilian drawdown has been greater in overseas areas; however, as the drawdown continues, a greater impact will occur in CONUS. Chart 8 shows total personnel strength from FY89 to FY94.



(Chart 8)
TOTAL ARMY PERSONNEL END STRENGTH

As depicted in the discussion on total personnel strength, the OMA appropriation has taken a significant reduction in its civilian workforce. OCONUS reductions have been made in line with force structure drawdowns and base closures. CONUS reductions have resulted from base realignment and closure (BRAC) actions, force structure reductions, and funded workload reductions. Chart 9 shows OMA civilian strengths from FY90 to FY94.

TOTAL OMA CIVILIAN PERSONNEL END STRENGTH (000's)

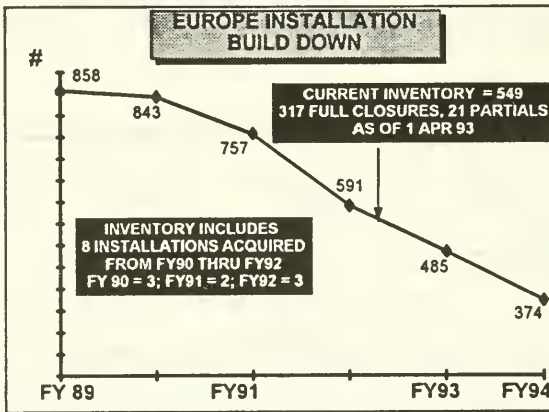


(Chart 9)
TOTAL OMA CIVILIAN PERSONNEL END STRENGTH

Even as we reduce our OCONUS stationing, we continue to aggressively pursue burdensharing negotiations. Our greatest burdensharing success has been in Japan. The government of Japan will assume 100% of foreign national labor and utilities costs by the end of FY95. We have built the FY94 OMA budget with the expectation that we will receive \$282 million in burdensharing contributions from Korea and Japan, a slight increase over FY93 contributions. To the extent these expectations do not materialize, we will have to unfund some OMA programs in the year of execution to pay for the unrealized expectations.

Base realignment and closure (BRAC) is a critical factor in the Army's transformation. This budget request adjusts OMA funding in conjunction with announced and projected BRAC events. The Army continues to press the acceleration of base closure actions. Only upon closure and disposal of excess properties is the full impact of projected savings realized.

Numerous BRAC actions are occurring OCONUS with the acceleration of the manpower drawdowns in Europe. Chart 10 shows the rapid rate of downsizing in Europe. Between FY89 and the end of FY94, the Army projects the closure of 484 installations in Europe.



(Chart 10)
BRAC IN EUROPE

As the Army reduces infrastructure, the remaining portion needs to be supported at adequate levels. Infrastructure support is provided by the resources for Base Support that encompasses Base Operations (including Real Property Maintenance (RPM) and Environmental Compliance), Audio Visual Services, Base Communications, and Family Programs. The Army's goal is to provide sufficient Base Support to meet annual requirements. However, in recent years, constrained resources have led to increasingly constrained levels of support to Base Operations Support (BOS), primarily in the area of RPM.

Chart 11 shows that RPM is funded in the budget request at less than the annual recurring requirement (ARR). RPM funding has been adjusted to reflect the RPM portion (\$142.9 million) of the \$171 million in anticipated residual value (RV) payments in FY94. If the anticipated RV payments materialize, RPM will be funded at 44% of the ARR; if they do not materialize, the RPM funding level will be only 37% of the ARR. 48% of the CONUS RPM ARR and only 19% (up to 36% with anticipated RV payments) of the OCONUS RPM ARR are funded in FY94. Additionally, RPM has experienced changes in the way we provide resources. In FY93, two accounts, OMA and the DoD RPM account, fund Army RPM. In the FY94 budget, we have planned for the return of all RPM funding to OMA. Our experience with two sources of funding in FY93 has not been positive. The process is excessively bureaucratic, limits commanders' flexibility, and creates a de facto ceiling on RPM. For these reasons we encourage the Congress to support our budget alignment of all RPM funding in OMA.

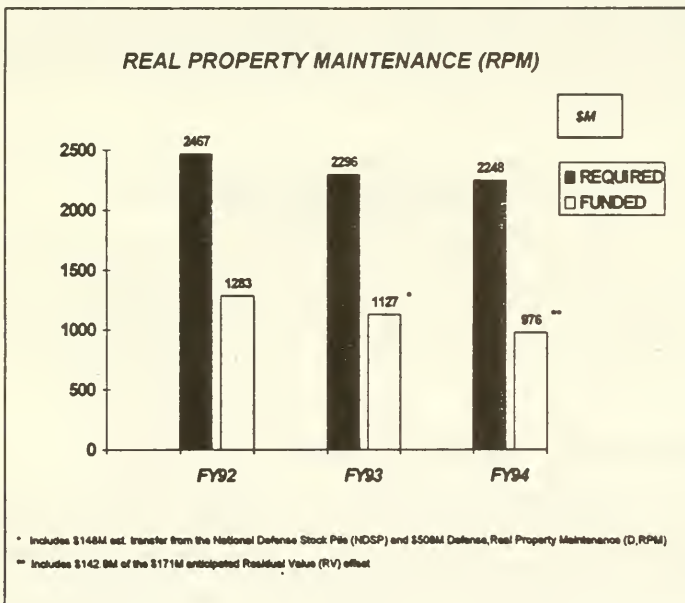


Chart 11
REAL PROPERTY MAINTENANCE

The Army remains committed to becoming a leader in the stewardship of preserving and protecting the environment. Environmental programs are funded for the abatement of all known Class I and all Class II projects that will become Class I.

EFFICIENCY IN RESOURCING THE FORCE

In testimony earlier this year, our Chief of Staff and Vice Chief of Staff stressed that readiness extends beyond OPTEMPO. A key partner in total readiness is the support side of the Army -- the depots, arsenals, and installations that work synergistically with unit training to affect readiness capabilities. Our challenge is to find new ways to manage and resource our support functions so that we size them to accomplish their critical missions at the lowest possible cost. The Defense Business Operations Fund (DBOF) provides the framework to achieve this objective. The Defense Management Report Decisions provided specific initiatives to improve efficiency through streamlining. While implementation has not always been as smooth as we would have preferred, we are committed to these concepts. The Army is an active participant in the review of DBOF directed by the Deputy Secretary of Defense.

The FY93 DBOF cash transfer has been a subject of much discussion recently. Mr. Aspin has guaranteed that the transfer will occur and that readiness will not be impaired.

The FY94 budget request again assumes that \$880 million of DBOF cash and \$150 million of revenue from Defense Stockpile sales will transfer to OMA. DBOF cash will be generated under two conditions. First, the Army must intensively manage our supply management costs and inventory replacement; and second, our OMA budget must be sustained so that our combat units can afford to buy spare parts, thereby helping to generate cash.

STRENGTHENING THE TOTAL FORCE

Our Army embodies the Total Force concept. While reserve component appropriations provide the majority of Army National Guard and Army Reserve funding, this OMA budget provides funding embedded in active component programs to maintain strong training relationships with reserve component units. DESERT STORM lessons learned have reinforced our understanding of and commitment to the Guard and Reserve. For example, of the total OMA funded individual training program, 30% of the workload supports the reserve components.

BUDGET STRUCTURE: O-1 CATEGORIES

We have packaged the FY94 OMA budget in accordance with the concepts prescribed in the FY93 Defense Appropriations Act. This budget is the first step toward the objectives of mission budgeting and better identification of direct readiness resources. We have structured OMA into four Budget Activities with detailed justification down to ten O-1 Activity Groups. This budget encompasses performance budget concepts that relate to outcomes and outputs in support of the Chief Financial Officer's Act. This structure is our first important step in an evolutionary process to restructure Army information and financial systems to meet Congressional intent and the needs of the Army. Chart 12 provides an overview of the OMA appropriation displayed by O-1 Budget Activity and Activity Group. The funding mix requested for the Budget Activities is an integrated and delicately balanced package. The funding levels of all four budget activities represent a whole, all of which are essential to maintain the Army's readiness. We cannot protect Operating Forces funding at the expense of other Budget Activities and have the Army to perform as the nation expects.

OPERATION AND MAINTENANCE, ARMY BUDGET PROGRAM				\$M
BUDGET ACTIVITY/ACTIVITY GP	FY92	FY93	FY94	
BA 1 : OPERATING FORCES				
LAND FORCES	10,886.1	8,709.2	7,615.0	
LAND OPNS SPT	438.8	286.5	262.8	
BA 2 : MOBILIZATION				
MOBILITY OPNS	55.8	298.4	372.4	
BA 3 : TRAINING & RECRUITING				
ACCESSION TNG	262.8	259.7	276.2	
BASIC SKILL & ADVANCED TNG	2,174.8	2009.0	1,917.8	
RECRUITING & OTHER TNG & ED	686.3	625.0	633.3	
BA 4 : ADMIN & SVC-WIDE ACTIVITIES				
SECURITY PGMS	359.8	358.4	402.0	
LOG OPNS	2,455.1	1,876.4	1,575.4	
SVC-WIDE SPT	4,438.5	3,091.7	2,714.8	
SPT OF OTHER NATIONS	261.0	231.3	246.2	
*TOTAL	22,028.0	17,846.6	16,019.0	
* Totals are slightly off due to rounding				

(Chart 12)
FY94 OMA O-1 STRUCTURE

This budget is structured to capture the full costs of Army mission activities and relate those costs to achieving our ultimate goal -- a trained and ready Army that is capable of swift and decisive results on any battlefield in the world against any enemy. Costs that do not relate directly to the day-to-day operations of those mission activities, but instead to the infrastructure that the Army must retain for mobilization and war reserve purposes are displayed in Budget Activity 2, Mobilization. This combination of mission budgeting and the separate budgeting of mobilization costs is designed to provide a more accurate picture of cost drivers and outputs associated with each aspect of the Army, and demonstrate the relationship between costs and restructuring.

Future budgets will incorporate additional changes to address the difficult-to-quantify costs associated with excess and underutilized infrastructure, in much the same manner that this budget deals with mobilization costs. Such improvements will provide an even more accurate picture of the Army's resource requirements.

OMA TRENDS

Many factors drive the financial requirements of OMA. These include the size, composition and location of the force (military and civilian); the number, size, age and location of installations; and the composition, number and age of equipment. Another significant factor is training. Tough, realistic training is costly, and as missions change, training events must keep pace with the changes or else readiness deteriorates. As the Army adapts to its changed environment and undergoes its transformation for the 21st century, units must train both harder and smarter to prepare for their new missions. These factors drive up the costs for equipment maintenance and support.

The FY94 OMA budget request reflects a decrease of \$1,828 million from the FY93 level. Although funding realignments between appropriations, the DBOF, and within the OMA appropriation make precise comparisons between years difficult, the eight-year trend of decreasing OMA total obligation authority (TOA) continues into FY94.

The Army's operating account, OMA, experiences a sizable decline in FY94. Our challenge is tough, but we believe the budget request presented to you today represents a sound approach, albeit a fragile balance, to support the enabling strategies highlighted earlier.

READINESS - MORE THAN OPTEMPO

Army resource requirements for the base structure are based on our need to achieve a certain level of readiness which we measure in terms of unit training operating tempo (OPTEMPO). However, it is important that we not assume that OPTEMPO equals readiness, and that fully funding OPTEMPO equals or assures adequate readiness. Readiness is a more complex element than that, and our nation's defense depends on the Army and the Defense Department's ability to resource it adequately. It is imperative that we resource the entire base structure adequately, and particularly the OMA programs.

The OMA budget consists primarily of "fixed cost" expenses to train, support, and house the "base force." The Army has found that any attempts to adjust funding in any of these key areas ultimately affects readiness in some manner. We are particularly conscious that in underfunding OMA, we run the risk of producing unacceptable readiness levels. The Army leadership reviews readiness reports, indicators, and trends each month, and gives appropriate guidance to maintain maximum readiness. Current trends indicate that readiness is beginning to show the effects of reduced resources. However, to ensure future successes on the battlefield, OMA must be funded no lower than the level in the President's Budget.

SUMMARY

Our FY94 OMA budget request supports the Army during its transformation into the Army of the 21st century. It has been created with balance, pace and affordability in mind. In this budget we have balanced reduced OMA funding among competing requirements in synchronization with the pace of transformation and affordability limitations. The Chief of Staff's four enabling strategies have provided the general direction for the creation of the budget. We applied the Army's six imperatives to achieve an appropriate balance to maintain the edge.

We must report that it is becoming more difficult to maintain the edge because the proper balance is becoming less affordable. We continue to look for ways to reduce costs and generate additional dollars. We have already hit hard the things that make up our Army -- fighting divisions, dedicated civilians, and our infrastructure. We need this mix of budgeted assets to properly support the national military strategy. Our budget provides adequate funding to support your Army. Any reduction would place at risk the Army's ability to operate the required force, trained and maintained at the level you and the American

people expect. Your support for this budget will contribute to Army readiness, both in FY94 and in the 21st century.

America's Army...

It is sometimes difficult to
describe change in the Army.

We still guard The Tomb of the
Unknown Soldier

We still build character one
soldier at a time

We still qualify crews and squads
in the sweat and grime of our
training centers

We still live in every little village and town

We were trained and ready yesterday and we will
be trained and ready tomorrow

But we are different...

... we are moving into the 21st Century



(Chart 13)
AMERICA'S ARMY

Mr. MURTHA. Admiral Earner.

SUMMARY STATEMENT OF ADMIRAL EARNER

Admiral EARNER. Mr. Chairman and distinguished members of this Committee, it is my pleasure to appear before you today and discuss the 1994 budget request for the operation and maintenance appropriation. We recognize this Committee has always been an ally in protecting our Navy readiness and we look forward to working with you this year in that effort.

I have a prepared statement that I hope has been submitted for the record and will make a few remarks of overview.

Our operation and maintenance Navy request for this year is \$20.2 billion, a decline of \$390 million from last year.

Despite the decline of resources, readiness continues to be a primary focus for us. This year our entire budget reflects some tough cuts made now so we can maintain and build a potent but smaller and sustainable force into the future while maintaining a quality of life for those people we have on board and maintaining our readiness.

We have protected our funding for OPTEMPO and for flying hours and we have gone to greater lengths in this budget than perhaps recent prior years to enhance the quality of life for our forces through their living quarters, morale, welfare and living environment.

The budget this year is presented in a new structure. We have tried to reflect in our structure our operating forces which are our primary users of operation and maintenance money, and then mobilization, training and administration support.

Since 1990, our budget reflects a force reduction of 133 battle force ships, 25 percent, and in this budget we will be supporting a battle force of 413 ships. Depot maintenance for our ships and aircraft are funded in what we consider the minimal acceptable backlog level.

We backlogged three ship overhauls, funded 80 percent of the remaining ship maintenance and have backlogged 150 air frames and 250 engines. We have made a lot of reductions in logistics and support infrastructure as a way of carving away expenses that we no longer need and can no longer afford and we have reduced our inventories by 38 percent in the past three years.

At the same time, our civilian structure has been reduced and we have cut that by almost 14,000 people.

In the Navy Reserve, we requested \$773 million. The Department is focusing the Reserve to contribute to every day mission support in addition to maintaining its mobilization readiness.

In fiscal year 1994, the Reserve will provide 100 percent of fleet electronic warfare support, and provide 60 percent of aircraft adversary services to the fleet. Today our Reserve medical people are being very effectively employed in our military treatment facilities throughout the Navy in an effort to provide better treatment to all of our people and keep the cost of CHAMPUS down.

That concludes my summary remarks. I seek your continued support. I am ready to answer any questions you may have.

Mr. MURTHA. Thank you.

[The statement of Admiral Earner follows:]

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APPROPRIATIONS COMMITTEE

STATEMENT OF
RADM WILLIAM A. EARNER, JR.
DIRECTOR, FISCAL MANAGEMENT DIVISION
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
BEFORE THE
DEFENSE SUBCOMMITTEE
OF THE
HOUSE APPROPRIATIONS COMMITTEE

12 MAY 1993

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REAR ADMIRAL WILLIAM A. EARNER
UNITED STATES NAVY

Rear Admiral William A. Earner, a native of McKeesport, Pennsylvania graduated from the U.S. Naval Academy and was commissioned in June 1963.

Rear Admiral Earner's early assignments include tours in USS BLUE (DD 744), Naval Destroyer School, USS BLACK (DD 666), and in River Section 534, a river patrol unit in Vietnam.

In December 1969, Rear Admiral Earner received a Masters of Science with Distinction from the U.S. Naval Postgraduate School. He continued his studies at Harvard University where he was awarded a Doctorate of Business Administration in June 1973.

Following Harvard, Rear Admiral Earner returned to sea in USS DALE (CG 19) and then served as Executive Officer in USS LUCE (DDG 38).

In March 1977, Rear Admiral Earner reported to the faculty of the Naval War College where he taught in the Defense Economics and Decision-Making curriculum. From there he transferred to Washington serving first on the staff of the Director, Management Control and Analysis Division (OP-10) and then as Resource Planner in the Navy Long Range Planning Group (OP-OOX) in the Office of the Chief of Naval Operations.

In June 1981, Rear Admiral Earner assumed command of USS DEYO (DD 989) prior to her first deployment. Upon relinquishing command at Bahrain in June 1983, he reported to the Office of the Secretary of Defense serving as Military Assistant to the Director of Net Assessment. Rear Admiral Earner assumed command of the 17-ship Destroyer Squadron Four, in Charleston, South Carolina in June 1985. After two years in DESRON FOUR, he was a fellow of the seventh CNO Strategic Studies Group.

In July 1988, Rear Admiral Earner reported to his first flag officer assignment as Comptroller of the Naval Air Systems Command in Washington, D.C. Rear Admiral Earner assumed command of Naval Surface Group Middle Pacific with additional duty as Commander Naval Base, Pearl Harbor in July 1990.

In August 1992, Rear Admiral Earner reported as the Director of Budget and Reports in the Office of the Comptroller of the Navy and Director, Fiscal Management Division in the Office of the Chief of Naval Operations.

Rear Admiral Earner's awards include the Legion of Merit (three awards), the Bronze Star with Combat Distinguishing Device, Defense Meritorious Service Medal, Navy Meritorious Service Medal (two awards), Navy Commendation Medal with Combat Distinguishing Device, the Navy Achievement Medal, and the Combat Action Ribbon.

Rear Admiral Earner is married to the former Jennifer Laurence of Memphis, Tennessee. They have two sons, Bill and John.

STATEMENT FOR THE RECORD
HOUSE APPROPRIATIONS COMMITTEE
NAVY OPERATION AND MAINTENANCE OVERVIEW
MAY 12, 1993

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, IT IS MY PLEASURE TO APPEAR BEFORE YOU TODAY TO DISCUSS THE NAVY'S FY 1994 BUDGET REQUEST FOR THE OPERATION AND MAINTENANCE APPROPRIATIONS. THIS COMMITTEE HAS ALWAYS BEEN THOUGHTFUL IN PROTECTING NAVY AND MARINE CORPS READINESS AND BALANCING MILITARY REQUIREMENTS, AND I LOOK FORWARD TO WORKING WITH YOU TO THAT END AGAIN THIS YEAR.

OUR SUPERB READINESS AND SUSTAINABILITY COULD NOT HAVE BEEN ACHIEVED WITHOUT THE SOUND DECISIONS AND STRONG SUPPORT OF THE CONGRESS OVER THE LAST DECADE. THIS SUPPORT RESULTED IN WELL-TRAINED, COMBAT READY SAILORS AND MARINES; IT PROVIDED ADEQUATELY FUNDED STEAMING DAYS AND FLYING HOURS AND SUFFICIENT TRAINING OPPORTUNITIES AND LOGISTICS SUPPORT. OUR COMBAT SUCCESSES, WITH UNPRECEDENTED LOW CASUALTIES DURING MAJOR CONFLICTS, WERE A DIRECT RESULT OF THE RESOURCES PROVIDED AND THE PRIORITY GIVEN TO OPERATIONS, TRAINING AND MATERIAL READINESS.

TODAY THE NAVY CONTINUES TO BE CALLED UPON TO RESPOND TO INTERNATIONAL CRISES, NONE OF WHICH HAVE THE BIPOLAR CHARACTERISTICS OF COLD WAR CRISES. DESPITE A REDUCED GLOBAL THREAT, NAVAL FORCES CONTINUE TO RESPOND ROUTINELY ON SHORT NOTICE. OUR FORWARD DEPLOYED NAVAL FORCES ARE A CORNERSTONE OF THE NATIONAL SECURITY STRATEGY AND CAN BE ON STATION ANYWHERE IN TWO DAYS OR LESS, A POWERFUL YET UNOBTUSIVE PRESENCE. ONCE ON STATION, WE PROVIDE LONG TERM, SUSTAINABLE MILITARY POWER. WE HAVE REMAINED ON STATION IN THE PERSIAN GULF TWO YEARS AFTER THE DESERT STORM TROOP WITHDRAWAL AND ARE ON STATION IN THE

ADRIATIC NOW IN SUPPORT OF NATIONAL POLICY. THERE ARE ABOUT TWO DOZEN ADDITIONAL AREAS AROUND THE GLOBE WHERE ARMED CONFLICT IS TAKING PLACE. OUR NATION'S ABILITY TO INFLUENCE INTERNATIONAL EVENTS AND SHAPE THE INTERNATIONAL ENVIRONMENT WILL OFTEN BE A DIRECT RESULT OF OUR MILITARY READINESS EXEMPLIFIED IN DEPLOYED NAVAL FORCES.

AS NATIONAL SECURITY POLICY HAS SHIFTED FROM A FOCUS ON A MAJOR GLOBAL THREAT TO A FOCUS ON REGIONAL CHALLENGES, THE PRIORITIES OF THE NAVY ARE ALSO SHIFTING. THE DIRECTION OF THE NAVY, BOTH ACTIVE AND RESERVE, IS TO PROVIDE THE NATION WITH MARITIME EXPEDITIONARY FORCES, OPERATING FORWARD FROM THE SEA, SHAPED FOR JOINT OPERATIONS. WE ARE DOWNSIZING AND FORGING A DIFFERENT NAVAL FORCE -- MORE VERSATILE AND STILL POWERFUL -- TO MEET TODAY'S THREATS AND TO SATISFY ENDURING NATIONAL SECURITY REQUIREMENTS. THIS OPERATIONAL FOCUS REPRESENTS A FUNDAMENTAL SHIFT AWAY FROM OPEN-OCEAN NAVAL WARFARE TOWARD JOINT SERVICE OPERATIONS CONDUCTED FROM THE SEA TO INFLUENCE EVENTS ASHORE. OUR RESTRUCTURED NAVAL FORCES WILL EXPAND ON TRADITIONAL EXPEDITIONARY ROLES FOCUSING ON THE LITTORAL OR COASTAL AREAS. IF NECESSARY, THE NAVY WILL BE THE ENABLING CAPABILITY TO ALLOW ENTRY AND SUBSEQUENT RESUPPLY OF HEAVIER GROUND AND AIR FORCES. IMPLICIT IN THIS SHIFT IS THE PARAMOUNT IMPORTANCE OF NAVAL FORCE READINESS - A NAVY AND MARINE CORPS CAPABLE OF SWIFT RESPONSE, ON SHORT NOTICE, AND CAPABLE OF SUSTAINED LONG-TERM OPERATIONS.

THE FY 1994 OPERATION AND MAINTENANCE FUNDING REQUESTS ARE PRESENTED IN A NEW STRUCTURE CONSISTENT WITH DIRECTION FROM CONGRESSIONAL COMMITTEES AND EFFORTS WITHIN THE DEPARTMENT TO IMPROVE THE PRESENTATION AND JUSTIFICATION OF BUDGET REQUIREMENTS IN THE OPERATION AND MAINTENANCE APPROPRIATIONS. THE NEW

STRUCTURE IS INTENDED TO HIGHLIGHT THE RELATIONSHIP BETWEEN FUNDS REQUESTED AND MISSIONS PERFORMED. THE BUDGET REQUEST IS PRESENTED WITH FOUR MAJOR CATEGORIES: OPERATING FORCES; MOBILIZATION; TRAINING AND RECRUITING, AND ADMINISTRATION, AND SERVICE-WIDE SUPPORT.

THE FY 1994 OPERATION AND MAINTENANCE, ACTIVE NAVY BUDGET OF REQUEST OF \$20.2 BILLION DECLINES BY \$392.4 MILLION FROM FY 1993 AND PROVIDES A BROAD RANGE OF SUPPORT TO NAVAL OPERATING FORCES. OUR FUNDING REQUEST DECLINES IN REAL TERMS AS FORCE STRUCTURE DECLINES. MEASURED IN CONSTANT DOLLARS, SINCE FY 1985 THE NAVY OPERATION AND MAINTENANCE ACCOUNT WILL HAVE DECREASED BY \$8.5 BILLION OR 30 PERCENT. BETWEEN FY 1993 AND FY 1994, MEASURED IN CONSTANT DOLLARS, THE OPERATION AND MAINTENANCE BUDGET WILL HAVE DECREASED BY \$1.9 BILLION OR 9.2 PERCENT. READINESS CONTINUES TO BE OUR PRIMARY FOCUS AND THIS BUDGET REFLECTS OUR ATTEMPT TO ACHIEVE A REASONABLE BALANCE BETWEEN NEAR-TERM READINESS AND LONG-TERM AFFORDABILITY.

THE SIZE OF THE DEPLOYABLE BATTLE FORCE REFLECTS THE ACCELERATION OF DECOMMISSIONINGS PLANNED FOR FUTURE YEARS, DUE TO A REDUCED GLOBAL THREAT AND A CORRESPONDING DECLINE IN DEFENSE RESOURCES. THE BUDGET PROVIDES FOR A TOTAL DEPLOYABLE BATTLE FORCE OF 413 SHIPS BY THE END OF FY 1994, A REDUCTION OF THIRTY SHIPS FROM FY 1993. IN JUST FOUR YEARS, OUR BATTLE FORCE SHIPS WILL HAVE DECLINED IN NUMBERS BY 133, OR 25 PERCENT. ADDITIONALLY, EIGHT FAST SEALIFT SHIPS ARE TRANSFERRING TO USTRANSCOM TO CONSOLIDATE THE MANAGEMENT OF CARGO ASSETS. WE WILL DECOMMISSION TWO AIRCRAFT CARRIERS. THESE ACTIONS CONTINUE THE TREND BEGUN LAST YEAR IN 1992 WHEN ON AVERAGE WE DECOMMISSIONED MORE THAN A SHIP A WEEK. WE WILL BE DOING APPROXIMATELY THE SAME IN FY 1994.

OPERATING TEMPO, A CRITICAL ELEMENT IN MAINTAINING OVERALL COMBAT READINESS AND IN SUPPORTING OUR NATION'S OVERSEAS NAVAL PRESENCE COMMITMENTS, REMAINS FULLY SUPPORTED WITHIN THE BUDGET. SINCE 1986, THE AVERAGE OPERATING TEMPO FOR ACTIVE NAVY FORCES REMAINS AT 50.5 STEAMING DAYS PER QUARTER FOR DEPLOYED UNITS, AND 29 STEAMING DAYS PER QUARTER FOR NON-DEPLOYED UNITS. BUDGETED DEPLOYED OPTEMPO LEVELS ARE THE MINIMUM NECESSARY TO MEET GLOBAL FORWARD DEPLOYED OPERATIONAL REQUIREMENTS AND OVERSEAS PRESENCE COMMITMENTS AS DIRECTED BY THE UNIFIED COMMANDERS. NON-DEPLOYED OPTEMPO LEVELS ARE THE MINIMUM REQUIRED FOR MAINTAINING A COMBAT READY AND RAPIDLY DEPLOYABLE FORCE. AS ESTABLISHED IN FY 1991, FUNDING TO SUPPORT OPTEMPO WILL COME FROM TWO SOURCES - THE OPERATION AND MAINTENANCE APPROPRIATION AND THE DEPARTMENT OF DEFENSE DRUG INTERDICTION APPROPRIATION. WE ARE ALSO MAINTAINING OUR COMMITMENT TO OUR PEOPLE BY CONTINUING SIX MONTH DEPLOYMENTS. FURTHERMORE, SINCE 1991 THE ACTIVE AIRCRAFT FLYING HOUR PROGRAM PROVIDES 85 PERCENT PRIMARY MISSION READINESS, INCLUDING 2 PERCENT IN SIMULATOR CONTRIBUTION, TO TRAIN AND MAINTAIN QUALIFIED AIRCREWS IN THE PRIMARY MISSION OF THEIR ASSIGNED AIRCRAFT.

THROUGHOUT THE DEVELOPMENT OF THE BUDGET, WE HAVE TRIED AS OUR FIRST PRIORITY TO MAKE SURE THAT OUR PERSONNEL ARE PROPERLY SUPPORTED, AND THAT THE READINESS OF THE REMAINING FORCE IS MAINTAINED. THIS WAS NOT EASY. WE HAVE INTENTIONALLY INCREASED THE QUALITY OF LIFE FUNDING FOR OUR SAILORS WHICH IS CRITICAL AS WE DOWNSIZE TO ENSURE A SMALLER REMAINING QUALITY FORCE. WE HAVE INCREASED MORALE, WELFARE, AND RECREATION, BACHELORS QUARTERS, AND BASE SUPPORT. WE HAVE ALSO INCREASED FUNDING OF OUR BASES WITH A COMMITMENT NOT TO

UNDERFUND THE INFRASTRUCTURE WHICH REMAINS AFTER THE BASE CLOSURE PROCESS.

OUR BUDGET IS TIGHT IN ALL AREAS. WHILE READINESS IS ADEQUATELY FUNDED, THERE IS LITTLE, IF ANY, ROOM TO MANEUVER. IN MANY RESPECTS, IT IS A HIGHER RISK BUDGET THAN ANY WE HAVE SUBMITTED IN THE PAST TWELVE YEARS. I WILL GIVE YOU SOME EXAMPLES OF WHAT I MEAN BY "HIGHER RISK." IN TERMS OF AIRCRAFT MAINTENANCE, THE TWO MOST STRAIGHTFORWARD INDICATORS OF READINESS ARE THE BACKLOGS OF AIRFRAMES AWAITING DEPOT LEVEL MAINTENANCE, AND OF ENGINES AWAITING REPURBISHMENT. IN THIS BUDGET, AIRCRAFT MAINTENANCE IS STRUCTURED TO MAINTAIN A BACKLOG LEVEL OF 150 AIRFRAMES AND 250 ENGINES. THAT MEANS THAT NOT ALL THE ENGINES AND AIRFRAMES WHICH ARE DUE FOR MAINTENANCE WILL BE WORKED. WE BELIEVE DEPOT MAINTENANCE IS FUNDED TO MINIMALLY ACCEPTABLE LEVELS. THIS CREATES A GREATER RISK TO READINESS IN BUDGETING FOR LARGER BACKLOG NUMBERS. WE HAVE FUNDED ABOUT 80 PERCENT OF THE REQUIRED PERIODIC SHIP DEPOT MAINTENANCE. THIS TOO, HAS SOME LONG-TERM READINESS RISK TO IT. THE CURRENT LEVEL OF FUNDING PRODUCES A TOTAL OF 3 SHIPS WITH SCHEDULED, BUT UNFUNDED, OVERHAULS IN FY 1994. THE NUMBER OF UNFUNDED RESTRICTED AND TECHNICAL AVAILABILITIES IN FY 1994 IS APPROXIMATELY 30. ALSO WITHIN SHIP DEPOT MAINTENANCE SUPPORT, FUNDING FOR BERTHING AND MESSING INCREASES IN SUPPORT OF THE DEPARTMENT'S QUALITY OF LIFE DECISION TO BERTH SHIPS' CREW ASHORE IN SATISFACTORY QUARTERS WHILE THE SHIP IS UNINHABITABLE DUE TO REPAIR WORK PERFORMED DURING INDUSTRIAL AVAILABILITIES. THE INCREASE IN FUNDING IS FOR EITHER BACHELOR ENLISTED QUARTERS/BACHELOR OFFICER QUARTER ACCOMMODATIONS OR THE COMMERCIAL EQUIVALENT.

WE HAVE TAKEN MAJOR REDUCTIONS IN OUR LOGISTICS AND SUPPORT INFRASTRUCTURE. WE

ARE ACCELERATING THE PERSONNEL DRAWDOWN IN OUR SYSTEMS COMMANDS AND CONSOLIDATING FUNCTIONS THROUGHOUT NAVY. NATURALLY, THIS HAS ITS OWN EMBEDDED RISK. WE HAVE TO BE CAREFUL THAT WE DO NOT INAPPROPRIATELY DECREMENT VITAL FLEET SUPPORT PROGRAMS AS WE DOWNSIZE BECAUSE WE ARE OVERLY AGGRESSIVE OR HAVE NOT PLANNED WELL.

ADDITIONALLY, AS THE OPERATION AND MAINTENANCE, NAVY BUDGET GETS SMALLER, IT BECOMES MORE FRAGILE IN TERMS OF READINESS. I'LL GIVE AN EXAMPLE OF WHAT I MEAN BY FRAGILE. LAST YEAR, THE CONGRESS CUT \$160 MILLION IN SPARES AND REPAIR PARTS FUNDING FROM THE NAVY BUDGET, BASED ON THE ACCELERATED DRAWDOWN OF FORCES AND THE UNCERTAINTY OF FUTURE FORCE LEVELS. WE HAD ALREADY TAKEN THESE REDUCED FORCE LEVELS INTO ACCOUNT IN OUR BUDGET, AS WE HAVE AGAIN THIS YEAR. WHEN WE PASSED THIS CUT OUT TO OUR FLEET COMMANDERS IN THEIR BUDGETS, NEITHER WAS ABLE TO ACCOMMODATE THE READINESS IMPACT THIS CAUSED. IN EFFECT, IT TRANSLATED INTO THE ANNUAL SPARES REQUIREMENTS FOR 32 CRUISERS AND APPROXIMATELY HALF OF ALL MARINE CORPS FIGHTER/ATTACK AIRCRAFT. INSTEAD OF REDUCING SPARES FOR THESE SHIPS, WE DEFERRED THE MAINTENANCE AVAILABILITIES OF SEVERAL SHIPS. AS THE BUDGET GETS SMALLER, HOWEVER, WE WILL CONTINUE TO LOSE THE MANAGEMENT FLEXIBILITY NEEDED TO HANDLE THESE KINDS OF CUTS. IT IS IMPERATIVE THAT WE WORK TOGETHER SO THAT WE DO NOT UNINTENTIONALLY CREATE THE REQUIREMENT FOR THESE BAND AID FIXES.

ADDITIONAL FUNDS HAVE BEEN ADDED FOR SAFETY AND MISSION CRITICAL WORK TO SUPPORT AIRCRAFT TRANSITIONING TO OUT-OF-PRODUCTION STATUS AND TO MAINTAIN AN AGING AIRCRAFT INVENTORY. FUNDING IN OUR MOBILIZATION MISSION AREA HAS INCREASED CONSIDERABLY DUE PRIMARILY TO THE INACTIVATION OF 18 ADDITIONAL

SHIPS, INCLUDING THREE NUCLEAR CRUISERS. THE INACTIVATION OF 280 AIRCRAFT IS ALSO FUNDED. IT IS IMPERATIVE THAT THIS ACCOUNT BE FULLY FUNDED IN ORDER TO ACCOMPLISH THE NECESSARY FORCE DRAW DOWN FOR LONG-TERM AFFORDABILITY.

SIMILARLY, WEAPONS AND ORDNANCE MAINTENANCE FUNDING HAS BEEN REDUCED COMMENSURATE WITH REDUCTIONS IN FORCE LEVELS. THE DEPARTMENT HAS BUDGETED FOR A BACKLOG AT ORDNANCE REWORK FACILITIES WHICH REFLECTS AN INCREASED RISK IN READINESS AND SUSTAINABILITY. THERE ARE SOME COST SAVINGS ASSOCIATED WITH REVISED AIR LAUNCHED ORDNANCE MAINTENANCE PROCEDURES WHICH REQUIRES MAINTENANCE ONLY ON A ROTATABLE PEACETIME INVENTORY WHILE STORING WARTIME RESERVES.

THE TRAINING PIPELINE REFLECTS A \$10 MILLION REDUCTION ASSOCIATED WITH REDUCED OFFICER ACQUISITION, RECRUIT TRAINING, AND RESERVE OFFICER TRAINING CORPS. BASED ON THE REDUCTIONS IN MILITARY END STRENGTH, RECRUIT ACCESSIONS ARE REDUCED BY 14,508 AND RESERVE OFFICER TRAINING CORPS ACCESSIONS ARE REDUCED BY 263.

RECRUITING AND ADVERTISING FUNDING IS BUDGETED AT THE MINIMAL LEVEL AND THE RECRUITING COMMAND HAS BEEN RESTRUCTURED TO REFLECT THE NAVY'S GOAL OF ATTRACTING A QUALITY/SMALLER FORCE. THE ADVERTISING PROGRAM INCLUDES MAGAZINES, NEWSPAPERS, AND DIRECT MAILING. NO TELEVISION OR RADIO ADVERTISING IS BUDGETED THIS YEAR.

THIS DEPARTMENT BELIEVES THAT QUALITY OF LIFE IS THE CORNERSTONE IN ATTRACTING AND RETAINING THE QUALITY FORCE REQUIRED TO OPERATE AND MAINTAIN THE NAVY WITH A SMALLER FORCE, AT SEA AND ASHORE. THE REQUEST REFLECTS SUBSTANTIAL INCREASES IN SELECTED PROGRAMS AS PART OF THE DEPARTMENT'S RECOGNITION OF SHORTFALLS IN

QUALITY-OF-LIFE PROGRAMS. WE HAVE MADE A COMMITMENT TO MILITARY PERSONNEL TO NOT ONLY PROTECT PAST GAINS IN CHILD CARE AND MORALE, WELFARE, AND RECREATION, BUT PROVIDE SUBSTANTIAL ADDITIONAL RESOURCES TO IMPROVE BACHELOR QUARTERS, CONDITIONS, OPERATIONS AND FURNISHINGS. WE HAVE ALSO INCREASED APPROPRIATED FUND SUPPORT FOR CORE MORALE, WELFARE AND RECREATION PROGRAMS AND FULLY FUNDED CHILD CARE SERVICES IN ACCORDANCE WITH THE MILITARY CHILD CARE ACT.

ALSO INCLUDED IN THE BUDGET REQUEST IS FULL FUNDING OF ALL KNOWN CLASS I AND CLASS II ENVIRONMENTAL COMPLIANCE PROJECTS AND THE DECENTRALIZATION OF THESE PROJECTS TO ALIGN FUNDING WITH LEGAL RESPONSIBILITY. BEGINNING IN FY 1994, INCREASES IN BASE SUPPORT RESOURCES REFLECT THE BUDGETING OF REPAIR PROJECTS FOR \$15 THOUSAND AND ABOVE IN THIS ACCOUNT VICE THE REAL PROPERTY MAINTENANCE, DEFENSE ACCOUNT AS REFLECTED IN FY 1993. FURTHERMORE, SAVINGS ARE REFLECTED AS BASES CLOSE OR ARE APPROVED. FINALLY, THE BUDGET ELIMINATES ALL PAY RAISES IN FY 1994.

THE OPERATION AND MAINTENANCE, NAVY RESERVE FUNDING REQUEST IS \$773.8 MILLION AND PROVIDES FOR THE COST OF OPERATING NAVAL RESERVE FORCES AND MAINTAINING THEIR ASSIGNED EQUIPMENT AT A STATE OF READINESS WHICH WILL PERMIT RAPID EMPLOYMENT IN THE EVENT OF FULL OR PARTIAL MOBILIZATION. THE DEPARTMENT HAS REDEFINED THE MISSION OF THE NAVAL RESERVE STATED ABOVE TO INCLUDE CONTRIBUTORY SUPPORT AS ITS PRIMARY ROLE, WITH THE OBJECTIVE OF ENHANCING READINESS. IN DOING SO, THE DEPARTMENT HAS TRANSFERRED SIGNIFICANT PORTIONS OF ACTIVE MISSIONS TO THE NAVAL RESERVE. THE NAVAL RESERVE WILL BE MORE CLOSELY LINKED WITH THE ACTIVE NAVY AND WILL PROVIDE GREATER REAL-TIME, EVERYDAY SERVICES.

THE NAVAL AIR RESERVE FORCE NOW CONTRIBUTES 100 PERCENT OF THE FLEET ELECTRONIC WARFARE SUPPORT (FEWSG) AND 60 PERCENT OF THE ADVERSARY SERVICES TO THE FLEET. ADDITIONALLY, NAVAL RESERVE HELICOPTER SQUADRONS PROVIDE A CONSIDERABLE PORTION OF THE CONUS-BASED VERTICAL ON-BOARD DELIVERY AND COMBAT SUPPORT MISSIONS. HELICOPTERS PROVIDE CARRIER FLIGHT GUARD AND SAN CLEMENTE HELO OPERATIONS. FLEET LOGISTICS SUPPORT WING CONTINUES TO PROVIDE INVALUABLE CONTRIBUTORY SUPPORT TO THE OPERATING FORCES AND ENJOYS ENHANCED CAPABILITY AS NEW C-130T AND HIGH SPEED, CARGO CAPABLE C-20G AIRCRAFT ARE DELIVERED. DEPLOYED UNITS WILL BENEFIT FROM ADDITIONAL RESERVE C-9/C-130T DETACHMENTS TO THE MEDITERRANEAN AND WESTERN PACIFIC.

NAVAL RESERVE COMBAT SUPPORT ACTIVITIES WILL PROVIDE SEABEES TO REDUCE MAINTENANCE/REPAIR BACKLOGS. RESERVE MEDICAL PERSONNEL ARE BEING EFFECTIVELY EMPLOYED IN MEDICAL TREATMENT FACILITIES IN A MORE FLEXIBLE MANNER TO PROVIDE CHAMPUS COST SAVINGS AND OTHER ECONOMIES.

THE FY 1994 PLANNED AVERAGE OPERATING NAVAL RESERVE AIRCRAFT INVENTORY IS 595. ELIMINATING THE FRIGATE TRAINER PROGRAM (PFT), THE PLANNED FY 1994 END YEAR NAVAL RESERVE FORCE SHIP INVENTORY WILL BE 19. OPTEMPO FUNDING HAS REMAINED CONSTANT PROVIDING FOR 26.5 DAYS PER QUARTER FOR THE FRIGATE TRAINER PROGRAM FOR ONE HALF YEAR AND 18 DAYS PER QUARTER FOR ALL OTHERS. AIRCREW PRIMARY MISSION READINESS (PMR) REMAINS AT 87 PERCENT. THE NAVAL RESERVE WILL FLY OVER 4,000 HOURS AND EXPEND OVER 500 STEAMING DAYS IN SUPPORT OF THE DOD COUNTER DRUG EFFORT.

Mr. MURTHA. General Bunker.

SUMMARY STATEMENT OF GENERAL BUNKER

General BUNKER. Thank you, sir.

I just have about three points I would like to make. First of all, I appreciate you hearing our story and secondly, the O&M top line, if you look at it over the past few years, it looks much like a bouncing ball.

We had big spikes in 1991 and 1992 from Desert Storm. In 1992 and again in 1994, the Air Force in particular, has funds transferred in from the DBOF account, so it looks like we have huge growth and huge reductions when in reality we don't. It is a pretty standard, steady decline downward.

Another concern for us in 1994 as you have discussed with our vice chiefs is the DBOF transfers. The transfer is programmed also in 1994 and if we don't get those transfers, we will not be able to maintain the ready force and it will have a definite impact on our ability to do so.

One final point I would like to emphasize is that over the past 10 years and especially lately, the composition of the O&M account has changed a lot. It has become much more contract intensive and much more factor driven. This means that the O&M account is less able to absorb reductions that are not tied to a specific program change or an OPTEMPO change such as you addressed in your opening remarks. This is especially true in the downsizing environment because the wing commander will not even have the flexibility that is afforded by hiring and lapse rates in the civilian account because when we are also losing end strengths, and all vacancies are basically gone to achieve that reduced end strength.

Many of our support areas which were once manned by in-house and Air Force people are now contractor supported. Examples include contractor logistics support for our KC-10s, F-117s and many of our air crew training stimulators. Air crew maintenance for pilot training is 100 percent contract maintained.

Dining hall support, a lot of the civil engineer shops like paint shops are now contractor operated, so what that means is once we start the year, we can't easily reduce those without cutting back the program or without impacting readiness.

With that, I would just like to thank you again for the opportunity to tell our story, sir.

[The statement of General Bunker follows:]

D E P A R T M E N T O F T H E A I R F O R C E

P R E S E N T A T I O N T O T H E C O M M I T T E E O N A P P R O P R I A T I O N S

S U B C O M M I T T E E O N D E F E N S E

U N I T E D S T A T E S H O U S E O F R E P R E S E N T A T I V E S

S U B J E C T: O p e r a t i o n a n d M a i n t e n a n c e O v e r v i e w

S T A T E M E N T O F: B r i g a d i e r G e n e r a l A l l e n D . B u n g e r
D i r e c t o r o f B u d g e t O p e r a t i o n s

12 May 1993

N O T F O R P U B L I C A T I O N U N T I L
R E L E A S E D B Y T H E H O U S E
A P P R O P R I A T I O N S C O M M I T T E E ,
U N I T E D S T A T E S H O U S E O F
R E P R E S E N T A T I V E S



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330-1000

BRIGADIER GENERAL ALLEN D. "DOUG" BUNGER

Brigadier General Allen D. "Doug" Bunger is director of budget operations, Office of the Assistant Secretary of the Air Force, Financial Management and Comptroller, Washington, D.C. He is responsible for all aspects of the operation and maintenance and personnel budgeting process, and is chairman of the Operating Budget Review Group.

General Bunger was born Sept. 23, 1944, in Bismark, Ark., and graduated from Magnet Cove High School, Hot Spring County, Ark., in 1962. He earned a bachelor of science degree in business management from the University of Arkansas in 1967 and a master's degree in public finance and management from Golden Gate University in 1974. The general completed Squadron Officer School in 1970, Air Command and Staff College in 1978, the National Security Management Course in 1984, and the Industrial College of the Armed Forces in 1988.

He was commissioned through Officer Training School, Lackland Air Force Base, Texas, in 1967 and, after initial training assignments, was assigned as a budget officer at the Continental Air Command (now Headquarters Air Force Reserve), Robins Air Force Base, Ga. In 1971 he became a base budget officer with the 432nd Tactical Reconnaissance Wing, Udon Royal Thai Air Force Base, Thailand. He then was assigned as base budget officer, Langley Air Force Base, Va., until 1975. From 1975 until 1976 the general was the financial management officer for receiving and activating, Airborne Warning and Control System, Headquarters Tactical Air Command, Langley Air Force Base. In 1976 he was assigned as a budget staff officer at Headquarters U.S. Air Forces in Europe, Ramstein Air Base, West Germany.

In 1979 he became the base comptroller, 67th Tactical Reconnaissance Wing, Bergstrom Air Force Base, Texas, and served there until June 1981. General Bunger then was assigned as chief of budget operations, TAC headquarters. In 1984 he was transferred to Headquarters U.S. Air Force, Washington, D.C., with the Budget Operations and Industrial Funds Division. There he became the Air Force deputy director of budget operations. General Bunger then was assigned as a student at the Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, D.C. In July 1988 he became the deputy chief of staff for financial management and comptroller, Headquarters Military Airlift Command, Scott Air Force Base, Ill. He assumed his current position in April 1992.

The general's military awards and decorations include the Legion of Merit with oak leaf cluster, Bronze Star Medal, Meritorious Service Medal with three oak leaf clusters, Air Force Commendation Medal, and Air Force Achievement Medal.

He was promoted to brigadier general Oct. 1, 1992, with same date of rank.

General Bunger is married to the former Sarah Ellen Cato of Ropesville, Texas. They have two children: Laura and Shari.



MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I thank you for this opportunity to appear before this committee to discuss the Operation & Maintenance (O&M), Air Force Budget Request for FY 1994. Before addressing the details of this budget, I will comment on the key issues which determined the contents of this budget.

Over the last four years, we can clearly see how world events have shaped the Air Force of the future. The ending of the Cold War was signified by the 1989 crumbling of the Berlin Wall and the 1991 disbanding of the Soviet Union. In the time between the crumbling of the Wall and the disbanding of the USSR, the U.S. sent 500,000 troops to Saudi Arabia and achieved a quick victory in the Gulf War. These events along with shrinking budgets have necessitated a re-look at the threat, realignment of our priorities and, ultimately, reshaping and reorganizing our forces.

This reorganization -- the most significant since we became a separate Service in 1947 -- includes the integration of combat forces into Air Combat Command, mobility forces into Air Mobility Command, cradle-to-grave weapon system management in Air Force Materiel Command, and the upcoming integration of training and education in Air Education and Training Command. When Air Education and Training Command stands up in July, we will have nine major commands -- down from thirteen just two years ago.

We have restructured our Numbered Air Forces, moving them away from traditional management roles, and making them smaller, tactical echelons. We have eliminated all 19 of our Air Divisions, an entire layer of our organizational structure, all resulting in more efficient use of our O&M dollars. At base level, our policy is to have one base, one wing, one boss.

All these actions have helped us deal with reductions across the board. These reductions did not come without pain. Last year we conducted Selective Early Retirement Boards for officers, denied reenlistment to some NCOs, and implemented special Congressionally-authorized incentives to separate personnel. These actions helped and we are grateful for the incentive programs Congress has provided, but we were forced to conduct our first Reduction in Force since the post-Vietnam drawdown.

The cut in force structure has been accompanied by a number of base closings. Fifteen major Air Force installations in the United States have closed or are in the process of closing. Overseas, the pace of withdrawal is even greater. Twenty-two major installations are closing with a partial withdrawal planned for seven more. This accounts for a reduction of over 57,000 Air Force personnel on foreign soil since 1988.

As we reduce our presence overseas we need to find new ways to prepare our forces for rapid deployment. One solution is to form composite wings based in the United

States that would train at home like they would fight when deployed -- as an integrated unit. The air intervention wing at Mountain Home AFB, Idaho, is designed for rapid, flexible response with its bombers, fighters, tankers, and command and control assets. This wing provides a flexible deterrent force able to immediately counter aggression anywhere in the world. The battlefield support wing at Pope AFB, North Carolina, forms a united air/land team with the 82nd Airborne Division at Ft. Bragg. This team approach aims at building the nation's premier forced entry capability.

Through this reshaping, we will ultimately better utilize our shrinking defense budgets -- build a smaller, leaner, better trained and more streamlined Air Force.

Our FY 1994 budget maintains the focus on the mission of the Air Force which is to **Defend the United States Through Control and Exploitation of Air and Space**. The Air Force remains actively engaged on a daily basis providing global reach and global power in support of American foreign policy flying relief missions to Bosnia and Somalia, actively contributing to the counterdrug missions, and continuing to support other deployments and exercises. With all the changes taking place, one thing remains constant: The Air Force commitment to readiness and maintaining a quality force that will meet the needs of the post-Cold War era.

FY 1994 O&M, AIR FORCE BUDGET

The Operation and Maintenance (O&M) Air Force appropriation is essential to Air Force readiness and sustainability. It directly affects the Air Force capability to "fly and fight" by providing the funds needed to operate and maintain aircraft and related weapon systems; train personnel; operate communications, command and control systems; and purchase supplies, equipment and fuel. O&M resources also directly support essential combat related activities such as intelligence, logistics, weather, air traffic control, search and rescue, maintenance of runways and base facilities, contract services, and the working and living environment of Air Force personnel. Although difficult to measure, virtually every O&M dollar the Air Force spends contributes to readiness and/or sustainability. Chart 1 shows what the O&M, Air Force 1994 Budget buys in terms of commodities or broad classes of goods and services.

Active O&M by Commodity FY 94

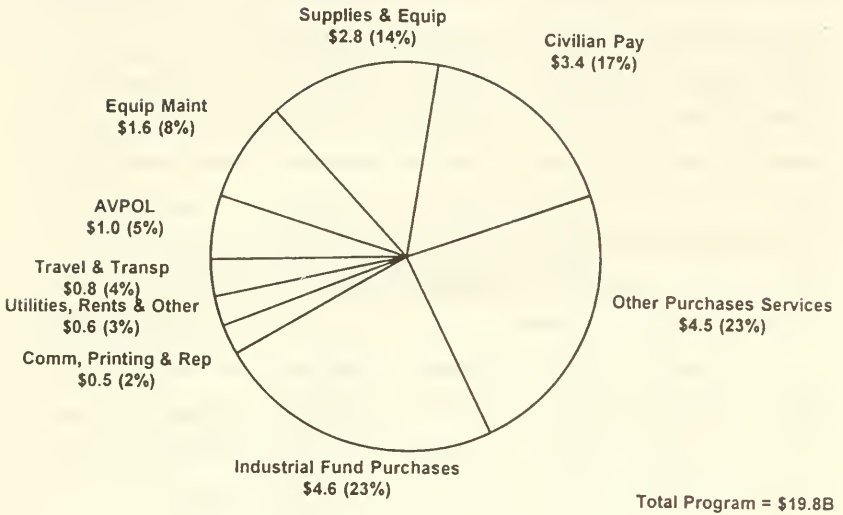


Chart 1

Financial requirements in the O&M appropriation are dictated by Air Force roles and mission responsibilities, programmed force structure to carry out these roles and missions, and operating activity levels such as the number and type of aircraft and squadrons, the number of aircraft sorties and flying hours, the number of installations, and scheduled weapon systems maintenance. While roles and missions will be changing in the coming years, the basic

elements of training and operations tempo are set for FY 1994. A critical balance must be maintained within this appropriation, as well as between O&M and other Air Force appropriations. The O&M resources requested must be sufficient to support the force structure and to sustain a mission ready force of existing weapon systems as well as field new or modernized systems on schedule. Therefore, without specific reductions to force structure, timed so that actual reductions yield savings in that same period, reductions to the O&M request will have a direct adverse impact on force readiness.

In response to Congressional direction, the O&M appropriation has been restructured with four Budget Activities (BAs) replacing the Major Force Program structure of previous years. The Budget Activities are further broken into "O-1" line items, roughly similar to R-1, P-1 and C-1 line items in the investment appropriations. The purpose is to provide a more mission oriented structure of the O&M appropriation, more closely aligned to current operating principles and designed to ensure field commander flexibility while retaining essential Congressional oversight. The restructured appropriation is shown in Chart 2.

OPERATION AND MAINTENANCE, AIR FORCE
(\$ in Millions)

<u>BUDGET ACTIVITY</u>	<u>FY92 Actual</u>	<u>FY93 Estimate</u>	<u>FY94 Estimate</u>	<u>92-93 Change</u>	<u>93-94 Change</u>
<u>Operating Forces</u>					
Air Operations	5,403.8	5,606.6	6,499.7	+202.8	+893.1
Combat Related Ops	1,327.0	1,299.3	1,520.7	-27.7	+221.4
Space Operations	<u>1,262.3</u>	<u>1,177.8</u>	<u>1,251.3</u>	<u>-84.5</u>	<u>+73.5</u>
Total	7,993.1	8,083.7	9,271.7	+90.6	+1,188.0
<u>Mobilization</u>					
Mobility Operations	2,993.8	3,094.1	4,508.9	+100.3	+1,414.8
<u>Tng & Recruiting</u>					
Accession Training	143.4	112.4	148.1	-31.0	+35.7
Basic Skills & Adv Tng	1,074.9	993.4	1,238.5	-81.5	+245.1
Recruiting, Other Tng & Educ	<u>199.4</u>	<u>199.9</u>	<u>196.9</u>	<u>+0.5</u>	<u>-3.0</u>
Total	1,417.7	1,305.7	1,583.5	-112.0	277.8
<u>Administration & Svs Wide Actv</u>					
Logistics Operations	4,251.9	3,408.1	2,158.7	-843.8	-1,249.4
Service Wide Activities	1,988.3	1,417.9	1,481.3	-570.4	+73.4
Security Operations	657.0	797.4	786.9	+140.4	-10.4
Support to Other Nations	<u>7.8</u>	<u>8.3</u>	<u>7.4</u>	<u>+0.7</u>	<u>-0.9</u>
Total	6,904.8	5,631.7	4,444.3	-1,273.1	-1,187.4
Grand Total	19,309.4	16,115.2	19,808.4	-1,194.2	+1,693.2

Chart 2

The FY 1994 O&M, Air Force Budget Request funds near term readiness and sustainability. As was the case in FY 1993, the FY 1994 O&M Budget reflects assumed transfers of \$941.4 million from the Defense Business Operations Fund and \$200.0 million from the National Defense Stockpile account. The apparent increase of \$1,693.2 million between FY 1993 and FY 1994 is comprised of two elements: Inflation of \$1,073.1 million and a net of changes and transfers of \$620.1 million. The \$620.1 million is a net transfer in from other appropriations of \$1,671.4 million (mostly from

the Military Personnel account) which more than offsets a net program decline of \$1,051.3 million. This decline is comprised of three components: First is the \$518.0 million in FY 1993 from the FY 1992 Supplemental for the Hurricane Andrew/Typhoon Omar disasters and environmental compliance requirements. Second is the \$247.2 million from the Defense Cooperation Account for continued incremental support of Desert Storm and follow-on operations in Southwest Asia. Finally, the remaining \$286.1 million represents the true program decline from FY 1993 to FY 1994.

Although the budget funds near term requirements, there is less short-term flexibility in the O&M budget now than ever before. Over the past several years, there has been a steady shift in the O&M budget commodities as a result of contract work taking the place of in-house work and implementation of business management practices whereby a greater amount of the O&M customer funding is driven by rate structures. In a declining budget environment, there is less flexibility in the civilian pay program because the gains in lapse rate management are more than offset by downward pressure to reduce our workforce.

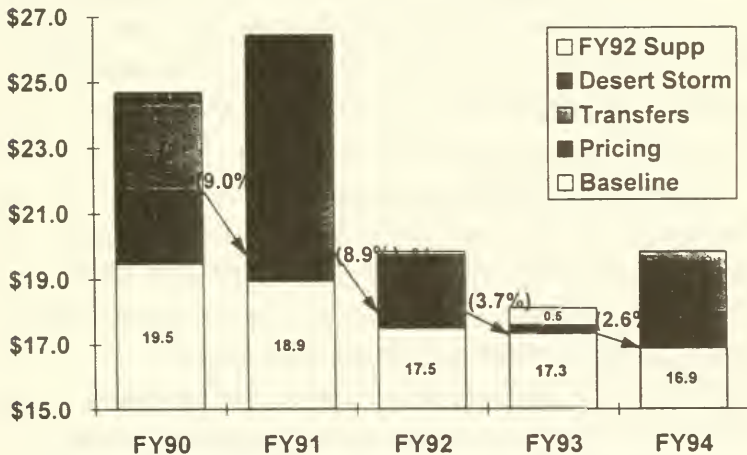
Real Growth. After considering net transfers and price changes, the real growth declined over 20 percent from FY 1990 through FY 1993. This was in line with the force structure decline during the same period, but it outpaced the drawdown in infrastructure which declined less than ten percent. The FY 1994 Budget Request reflects a 2.6 percent

real funding decrease from the FY 1993 baseline. This flattening of the curve relative to force structure reductions is essential to allow the savings from the infrastructure drawdown to catch up to the real reductions in resource levels. Chart 3 is a year-to-year comparison of net transfers, program changes and price adjustments.

Real Growth FY94 Clinton PB

Billions
(93\$)

FY90-94 real growth is (22.2%)



Based on OSD Price/Program Rates. For real growth comparisons, pricing is combined with the baseline amounts for FY90-92 to bring these amounts to 93\$.

Chart 3

Program Changes. The program decline from FY 1993 to FY 1994 of \$286.1 million is comprised of program increases of \$867.2 million and program decreases of \$1,153.3 million.

The largest program increases are as follows: Additional focus on mobility operations (\$160.8 million); improvements to Minuteman III systems (\$74.8 million); improved control of space systems and launch infrastructure maintenance (\$51.6 million); changes in the education and training programs (\$49.6 million), continued emphasis on environmental compliance (\$48.4 million); emphasis on combat related operations such as global command, control, communications, and intelligence (C3I) and navigation and weather support (\$36.6 million). The bulk of the program decreases are directly related to the drawdown of people, aircraft and missiles and the infrastructure that supported them (\$729.7 million). Another significant program decrease is based on our assumption that host nation support contributions will increase (\$114.0 million).

Funding Responsibility Transfers. Net program transfers from FY 1993 to FY 1994 of \$1,671.4 million are comprised of transfers into O&M of \$1,753.7 million and transfers out of O&M of \$82.3 million. The most significant program transfers involve reflecting total cost of operations in the DBOF customer accounts. Specifically, \$1,215.1 million was transferred from the Military Personnel Appropriation for military personnel assigned to the Air Mobility Command (AMC) transportation business area of the Defense Business Operations Fund (DBOF). Also, \$60.5 million was transferred to O&M from the Military Personnel Appropriation for military end strengths "capitalized" under

the management of the Defense Finance and Accounting Service, a DBOF activity. The other major transfer of \$413.2 million was for the movement of major repair and minor construction projects over \$15 thousand from the Real Property Maintenance Defense Agency Appropriation back to O&M.

Training Restructure. The reshaping and downsizing of the Air Force has necessitated a major revision to the Air Force training philosophy. Training restructuring initiatives are currently being implemented to train smarter and more effectively. In the past, as training resources declined, Air Force relied increasingly on on-the-job training (OJT) for both the new recruit and the career airman. While OJT is less expensive than formal training, the quality and standardization is far less reliable. In addition, relying on OJT resulted in significant periods of non-productive training time and degraded mission readiness. Our ability to offset these shortfalls in the past was primarily due to a large and experienced work force. Presently, programmed Air Force manpower reductions coupled with a rapidly increasing high tech environment will render this method of training ineffective.

The Air Force training initiatives place more emphasis on all formal training requirements. Examples include increasing those attending both initial and advanced training requirements to consolidating training courses, merging training activities, streamlining management of

various programs and collocating training facilities along career lines. Our enlisted technical training system now supports skills development from recruit through senior enlisted supervisor. Flying training is stronger with a new, specialized track system that takes pilots and navigators from initial screening through weapon system qualification. While these initiatives require an increased investment of resources in FY 1994 and future years, the pay-off will be measured by a more efficient and responsive training organization producing initially qualified mission ready personnel.

Backlogs. As highlighted earlier, funding reductions outpaced infrastructure drawdown during the FY 1990 - 1993 time frame. Although readiness is protected as well as near term sustainability and quality of life, our backlogs are of concern. The unfinanced depot level maintenance program is \$274.8 million; this represents funding at 81 percent of the depot maintenance requirement which is acceptable over the short term. Even after factoring in the infrastructure drawdown, our backlog of real property maintenance and repair is over \$2.3 billion. Any further deferrals will accelerate facility deterioration to an unacceptable level and begin to seriously impact mission readiness and combat capability. Quality of life funding, translated as Base Operating Support and Real Property Services, is at 89 percent of the requirement; this is survivable if not allowed to decline further.

Host Nation Support (HNS) Assumptions. We agree that our allies should contribute more and this Budget Request assumes their contributions will continue to increase. The FY 1993 Request assumed Allied contributions of \$327.0 million; for FY 1994 we are assuming contributions of \$441.0 million. Actual contributions now anticipated in FY 1993 are \$220.0 million. Unfortunately, host nation support is determined by country-to-country agreements or the actions of the host nation legislature. Without action in one or both of these arenas, the Air Force pays the bill. Therefore, downward adjustments to our requested level of funding simply forces us to divert funds from other efforts to cover these "must pay bills."

Air Force Inventory. For the past several years, Congress has consistently expressed concern about the size and management of our secondary item inventory. As a consequence, Congress has strongly "encouraged" us to reduce inventory through restrictions on the Defense Business Operations Fund's (DBOF) ability to buy inventory from industry and direct cuts to the O&M customer's ability to buy inventory from the DBOF. The Air Force has received the message and we have an aggressive program to reduce inventory. The good news is that we are finally making the kind of progress that we, and Congress, expect in reducing secondary items. Actual inventory is down \$5.9 billion or 13 percent measured in dollars from our peak in FY 1989 while actual items on the shelf have declined by just over

20 percent. Disposals are way up - \$4.3 billion in FY 1992 vice our \$2.6 billion goal and we are well on our way to exceeding our \$6 billion FY 1993 goal through the second quarter of this year. We have terminated over \$1.2 billion of excess materiel on-order during FY 1991 and FY 1992. Materiel purchases are down about 50 percent since FY 1989. We have implemented 87 of our planned 118 Inventory Reduction Plan actions such as reductions to repair cycle times, safety levels, and special or additive levels which will result in over \$4.2 billion in FY 1991 - 1997 supply system operating cost savings. The combination of increased disposals, terminations, reduced DBOF buying, and process changes has clearly begun to have the desired effect of reducing inventory. In fact, we expect to meet our \$28.3 billion FY 1997 inventory goal a year or two earlier than planned.

This good news must be tempered with caution about the future. First, cuts to customer O&M needed to purchase operating parts is the quickest way to the "hollow force". It simply makes no sense. Given the leadtimes of most of our parts, it doesn't reduce current inventory and it denies the operating forces the ability to fly and maintain high equipment readiness.

Second, restricting the DBOF's ability to purchase inventory needed to support the forces we plan to retain cannot continue indefinitely. Those excess F-4 and B-52 parts are not usable on the F-15, F-16 and B-1. We're

getting rid of the old stuff but we've also reduced procurement of inventory - primarily condemnation replacements - for our newest weapon systems as well. Strong depot repair funding can keep us afloat temporarily but the failure to replace condemned reparable and the failure to buy repair parts will eventually reduce our ability to do both field and depot repair. Our analysis of the results of these DBOF restrictions shows the potential impact to readiness is modest so far, given the long lead times of the parts we typically buy, but if we retain these restrictions too long, we cannot quickly recover. As a consequence, we are asking Congress to remove this legislative restriction in FY 1994 allowing us to react more effectively to changing restrictions.

Defense Business Operations Fund (DBOF). One critical assumption underlying readiness and the overall health of the O&M appropriation is that the transfers of cash from DBOF activities to Air Force O&M must be accomplished. Over six percent (\$1.14 billion) of the program we plan to execute in FY 1994 is dependent on such anticipated transfers (\$941 million from DBOF and \$200 million from the Defense Stockpile Account). Approval of these transfers will allow the Air Force to maintain readiness and ensure the overall health of O&M programs.

Summary of Changes by Budget Activity.

Operating Forces: The increase of \$1,188.0 million between FY 1993 and FY 1994 is comprised of three elements: Inflation of \$524.4 million, net transfers of \$1,376.7 million and negative program growth of \$713.1 million. The most significant transfers are decentralization of depot maintenance (\$+878.1 million), realignment of minor construction and repair projects (\$+331.5 million), and conversion to the two-level maintenance concept (\$+53.0 million). Other net transfers amount to \$+114.1 million. Force structure drawdown is the cause of the largest program change in FY 1994 (\$-409.0 million). The force structure drawdown consists of -97 fighter aircraft, -24 bomber aircraft, -21 other type aircraft, and associated base operating support. There are reductions associated with supplemental funding that were provided in FY 1993 but will not be provided in FY 1994 for disasters such as Hurricane Andrew and Typhoon Omar (\$-160.1 million) and Desert Storm (\$-112.3 million), a reduction for anticipated improvements in burdensharing arrangements with our allies (\$-105.5 million), reduction in missile depot level reparable funding (\$-88.6 million), and a base operations standard of living reduction (\$-105.1 million). These reductions are partially offset by increases such as: Space Control System (\$+44.6 million) to support the Consolidated Space Operations Center, funds for Air Force's Standardized Automated Intelligence System (\$+44.5 million), increased B-2 support

due to delivery of the first four operational aircraft in FY 1994 (\$+36.6 million), increased funding for environmental compliance (\$+32.1 million), the Minuteman Missile Life Extension Program (\$+29.0 million) and required Command, Control, Communications and Intelligence (C4) enhancements (\$+24.4 million). Other net program changes amount to \$+56.3 million.

Mobilization: The increase of \$1,414.8 million between FY 1993 and FY 1994 is comprised of three elements: Inflation of \$360.7 million, net transfers of \$1,297.1 million and negative program growth of \$-243.0 million. The net transfer amount of \$1,297.1 million includes: \$+1,046.1 million for the Defense Business Operations Fund (DBOF) Air Mobility Command (AMC) military personnel transfer, beginning in FY 1994, Air Force O&M will reimburse the DBOF-AMC for military personnel assigned to each of the DBOF-AMC transportation business area programs; \$+161.0 million for Depot Maintenance (reflects the decentralization of aircraft, engine, missile, software and Big Safari portions of the Depot Programmed Equipment Maintenance (DPEM) account into the various mission program elements); \$+104.5 million for funding the major repair/minor construction program (funding projects over \$15,000) in O&M versus the FY 1993 Real Property Maintenance, Defense account; and other transfers netting to \$-14.5 million. The \$243.0 million negative program growth consists of: \$+86.9 million for increased levels of DBOF-T support; \$+50.3 million for

Mobilization Preparedness (funding of four ships under the Munitions Global Asset O&M Prepositioning Ship Program); \$+23.6 million for Airlift Operations Command, Control, Communications and Intelligence; \$-215.9 million in Airlift Operations (Desert Storm Optempo decline, force structure reductions to include KC-135R transfers, C-137B and C-12-F retirements, and Management Headquarters/Combat Staff reductions); \$-180.9 million for reduced base support (force structure related and includes base closures); and other program changes netting to \$-7.0 million.

Training and Recruiting: The increase of \$277.8 million between FY 1993 and FY 1994 is comprised of three elements: Inflation of \$55.1 million, net transfers of \$150.4 million, and program growth of \$72.3 million. The majority of the program transfer amounts represents the decentralization of depot logistics funding from a centralized account to mission accounts, the realignment of major repair and minor construction funding for projects over \$15,000 from the Real Property Maintenance, Defense Appropriation to Operation and Maintenance and Defense Business Operations Fund-Air Mobility Command military personnel transfer. Real program growth primarily reflects Air Force training restructuring initiatives (\$+27.7 million) to offset the impact of the rapid force drawdown, the implementation of two new undergraduate flying aircraft systems, and banked pilot requalification (\$+21.9 million). Training restructuring initiatives are aimed at ensuring all

new recruits attend initial skill training before arriving at the first duty station, the consolidation of training courses, the merging and collocation of training activities in an overall effort to streamline and improve Air Force training. The two new aircraft, the T-3A Enhanced Flight Screener and the T-1A Jayhawk, are designed to improve and specialize pilot training. The T-3A will enhance our ability to screen and eliminate unqualified potential pilot candidates before they reach more expensive training phases. The T-1A Jayhawk will support specialized training for undergraduate pilot students scheduled for follow-on assignments to tanker-transport aircraft. Finally, this growth supports the requalification of 360 banked pilots scheduled to return to the cockpit in FY 1994. Other training improvements of \$16 million are also included.

Administration and Servicewide Activities: The decrease of \$1,187.4 million between FY 1993 and FY 1994 is comprised of three elements: Inflation of \$+132.9 million, net transfers of \$-951.3 million and negative program growth of \$369.0. Decentralization of DPEM (\$-1,100.3 million) and realignment of classified programs (\$-69.9 million) and realignment of engineering and installation functions at Air Force Communications Command (\$-11.0 million) are transfers out that are offset by transfers in from the Military Personnel Appropriation for Defense Business Operations Fund-Air Mobility Command (\$+109 million), Subsistence-in-Kind (\$+10.9 million) and consolidation of DoD Accounting

and Finance (\$+10.5 million). In addition, funds were transferred from the Real Property Maintenance, Defense Account (\$+94.3 million) for major repair and minor construction projects. The following major programs increased: Unemployment and Disability Compensation (\$+41.5 million), Pentagon Reservation (\$+29.1 million), Pollution Prevention Program (\$+23 million), Field Operating Agency (FOA) baseline (\$+19.6 million), Information Management Automation Program (\$+17.4 million), and manpower support costs for the MWR Manpower Conversion and the Chief Financial Officer Legislation (\$+15.0 million). Major decreases are: FY 1992 Supplemental Funding (\$-344.9 million), Force Structure Drawdown and Base Support Costs (\$-88.4 million), Classified Programs (\$-35.2 million) and Engineering and Installation (E&I) funding (\$-15.6 million).

Conclusion. This Budget Request has been carefully balanced to avoid a hollow force. The funding requested must be maintained to avoid a degradation to readiness, sustainability, and quality of life. Balance is the benchmark: Balance between investment and O&M; balance between force modernization and force sustainment; balance between peacetime/humanitarian efforts, exercises and training; and, as we drawdown the force, a proper balance in our various force capabilities. We will remain ready to respond to real world conditions. We are flexible as long as program and funding are adjusted in concert. We can accommodate change as we effect base closures, investment

cuts, force structure adjustments, and personnel reductions. We will maintain force readiness, sustainability and quality of life for our people as long as we can keep all the factors in balance. If O&M is reduced, it must be reduced in balance with the forces - people, equipment, and facilities - it supports.

Mr. MURTHA. General Stewart.

SUMMARY STATEMENT OF GENERAL STEWART

General STEWART. Good afternoon, Mr. Chairman, members of the Committee. It is a pleasure for me to be here today. I have submitted a detailed statement and would like to make a few opening remarks.

First, we would like to express our deep appreciation for your past support because it has been instrumental in allowing the Marine Corps to be forward deployed and also for allowing us to be able to sustain those forward-deployed forces.

As you know, sir, the Marines are always on the go and the requirements for Marines continue to increase and as those requirements increase, we continue to be forward deployed around the globe. We think that diverse operations such as Operation Restore Hope and others, like those in Guam, Hawaii, even Florida and even in Cuba, show the diversity and the flexibility that the Nation has come to expect from its Marine Corps.

Today we are here to talk about O&M and I would like to say that O&M to us really is our life blood. It represents about 21 percent of our budget. It is what provides our readiness. It is what gives us the quality of life for our Marines and for their families. It protects the environment. It provides for all of our training and education needs and the list goes on and on, but it is the lifeblood of the Marine Corps.

We think that our fiscal year 1994 budget preserves near-term readiness, but we would underline the word near term and say that our funding levels have continued to fall off since 1987.

As you know, sir, we are a people organization, but at the same time, we like to emphasize taking care of our equipment, because it is very important to us, and we are proud to say that our equipment levels, particularly on the ground side, have always been at around 90 percent. But we are beginning to show the first signs of degradation as our ground equipment readiness levels have dropped now below 90 percent for the first time in 10 years.

We think we can live with that, but at the same time, we have to be careful. We don't want them to go any lower than they are now.

As you know, the funding for complete restoration of our capabilities after southwest Asia was deferred. There still is some uncertainty over the DBOF cash transfer, and as a result of those deferrals, as well as the amount of funding that we had to use for Operation Restore Hope, we are now facing a rather significant cash flow problem.

Our funding request is for the supporting establishment we think is really vital to the operational readiness of our Fleet Marine Force units. We have only 16 bases and stations. We are small, but our funding request for those has been cut to the bone.

As a result, we routinely only fund our critical requirements and defer our long-term requirements sometimes indefinitely. Overall, sir, I would say we are in fairly good shape. Meeting our emerging requirements which continue to grow is becoming increasingly more difficult.

We don't think this budget has any fat in it. Therefore, we don't think it should go any lower. It allows mission accomplishment. It contributes to a relevant, ready, and capable Marine Corps, and I guess that would be it, sir.

You have always given us your support in the past, and we would hope that that support would continue.

Mr. MURTHA. Thank you, General Stewart.

[The statement of General Stewart follows:]

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OF REPRESENTATIVES

STATEMENT OF
BRIGADIER GENERAL J. D. STEWART
UNITED STATES MARINE CORPS
DIRECTOR, LOGISTICS PLANS, POLICIES
AND STRATEGIC MOBILITY DIVISION
INSTALLATIONS AND LOGISTICS DEPARTMENT
BEFORE THE SUBCOMMITTEE ON DEFENSE
HOUSE APPROPRIATIONS COMMITTEE
CONCERNING FISCAL YEAR 1994
OPERATION AND MAINTENANCE
BUDGET REQUEST
MAY 12, 1993

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UNITED STATES MARINE CORPS

HEADQUARTERS MARINE CORPS, DIVISION OF PUBLIC AFFAIRS
WASHINGTON, D.C. 20380, (703) 614-4309



BRIGADIER GENERAL JOSEPH D. STEWART, USMC

Brigadier General Joseph D. Stewart is currently serving as the Director, Logistics Plans, Policies and Strategic Mobility Division, Installations and Logistics Department, Headquarters Marine Corps, Washington, D.C.

General Stewart was born on July 9, 1942 in Baltimore, Maryland. Upon graduation from the U.S. Naval Academy, Annapolis, Md., in 1964, he was commissioned a second lieutenant in the Marine Corps.

Following completion of The Basic School, Quantico, Va., and the Supply School, Camp Lejeune, N.C., he served as the Battalion Supply Officer, S-4 Officer and Platoon Commander with the 1st Reconnaissance Battalion. Upon his return from Vietnam in September 1966, he served as the Supply Officer for the 2d Tank Battalion, Camp Lejeune.

General Stewart's next assignment was the United States Naval Postgraduate School, Monterey, Calif., where he graduated in 1970 with a M.S. degree in Operations Research.

Returning overseas, he served as the Battalion Supply Officer and Company Commander, 3d Tank Battalion on Okinawa. Transferring back to the states, General Stewart served as a project officer in the Marine Corps Development Center, Quantico, Va., until 1973, when he was assigned as the Assistant Lieutenant Colonel monitor at Headquarters Marine Corps, Washington, D.C. From 1976 until 1979, General Stewart served as an instructor at the U.S. Naval Academy.

Graduating from the Command and Staff College, Quantico, in 1980, he was transferred to the 2d FSSG, Camp Lejeune, where he served as the Supply Support Officer and as Commanding Officer, 2d Supply Battalion until June 1982.

Ordered back to Okinawa in 1982, General Stewart served as the officer in charge of the SASSY Management Unit, 3d FSSG, until June 1983. His next assignment was to the United States Naval War College, Newport, R.I., where he was a student until 1984. While there he attained a M.S. degree in Management from Salve Regina College.

From 1984 until 1987, he served in the Installations and Logistics Department, at Headquarters Marine Corps, as a Section Head and Branch Head with the Materiel Management Operations Branch. He was then assigned as the Commanding Officer, Defense Depot, Columbus, Ohio, from 1987 until 1990.

General Stewart was assigned duty as Director, Logistics Plans, Policies and Strategic Mobility Division, Installations and Logistics Department, Headquarters Marine Corps in June 1990. While serving in this capacity, he was selected for promotion to brigadier general on March 13, 1991. He was advanced to his present grade on June 19, 1991.

His previous promotions were: first lieutenant, December 1965; captain, March 1967; major, January 1974; lieutenant colonel, October 1980; and colonel, January 1986.

General Stewart's personal decorations include: the Defense Superior Service Medal; Legion of Merit; Navy Commendation Medal with gold star in lieu of a second award; and the Combat Action Ribbon.

Brigadier General Stewart is married to the former Kathleen Ellen Fitzpatrick of Seattle, Washington. They have two sons, David and Kevin.

(Revised June 27, 1991 HQMC)

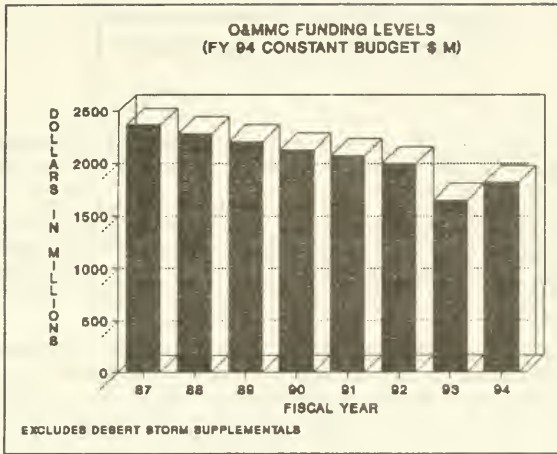
**PREPARED STATEMENT OF
BRIGADIER GENERAL J. D. STEWART
DIRECTOR, LOGISTICS PLANS, POLICIES
AND STRATEGIC MOBILITY DIVISIONS
INSTALLATIONS AND LOGISTICS DEPARTMENT
UNITED STATES MARINE CORPS**

INTRODUCTION

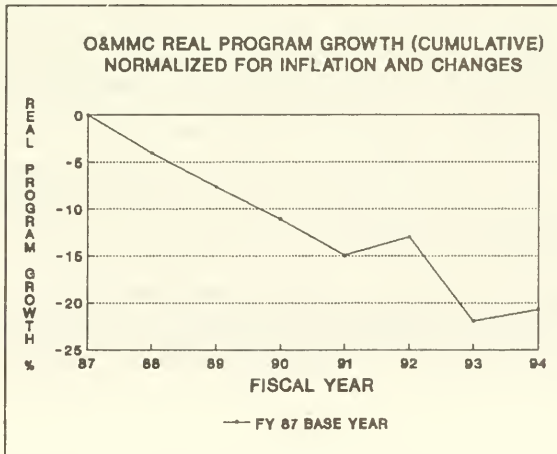
Mr. Chairman and members of the Committee, thank you for this opportunity to present the Operation and Maintenance, Marine Corps (O&MMC) budget request for fiscal year 1994. I would like to express our deep appreciation for your past support which enabled us to maintain a high degree of readiness in our combat units and carry out recent forward deployments in support of the National Military Strategy. Additionally, your assistance in providing supplemental funding has helped continue the restoration of forces to pre-Desert Storm capabilities, consistent with force structure drawdowns.

The Marine Corps made great strides in enhancing military capability and readiness during the 1980s. While the Corps will have fewer Marines, we intend to maintain those critical elements within the operational forces and their supporting establishment required to provide relevant and responsive support to world wide contingencies during the 1990s.

The O&M request considers scheduled force reductions while maintaining funding essential for a capable, ready, sustainable, expeditionary, warfighting force. It preserves the near-term readiness our Nation expects of its Marine Corps. As indicated in the following chart, Operation and Maintenance, Marine Corps funding has declined steadily since fiscal year 1987.



The fiscal year 1994 budget is \$ 1,818 Million. After allowing for the effect of functional transfers, efficiencies and the benefits of increased burden sharing, this amount reflects, in real terms, an increase of one percent from our fiscal year 1993 approved funding level. This growth is in Maintenance of Real Property to prevent deterioration of our essential infrastructure.



FLEET MARINE FORCE (FMF)
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The O&M budget request for fiscal year 1994 balances resources among competing requirements existing in the FMF and in the Supporting Establishment. It is designed to ensure our operating forces have the funding required to maintain readiness. Even as we draw down our Corps, we continue to emphasize the relevant warfighting capability demonstrated during Desert Storm by preserving the essential capabilities of and balance among command, ground combat, aviation combat and combat service support elements.

Maritime Prepositioning Force. The Maritime Prepositioning Force (MPF) provides a proven rapid response capability that complements our traditional amphibious capability. During both Desert Shield and Operation Restore Hope, Marine forces deployed, linked up with Maritime Prepositioning Forces assets, and formed fully operational, combat-ready, mechanized forces within ten days. This was performed with less than 10% of the airlift sorties which would have been required to move like forces had maritime prepositioning not been available.

The Marine Corps has the capability and flexibility to rapidly deploy, employ, and sustain forces from a Special Purpose Force to Marine Expeditionary Forces. These self sustaining, rapidly deployable units can provide a response ranging from presence to providing combat power that can dominate the landward portion of the battlefield. Each Marine Air-Ground Task Force carries a predetermined number of days of supply and a wide spectrum of combat service support capabilities to meet the immediate needs of combat forces operating in an expeditionary mode. This ability to sustain rapidly employing combat forces is a unique National Asset that validated its significance during Desert Shield/Desert Storm and again in Operation Restore Hope.

Recent operations have demonstrated the Marine Corps ability to provide multi-purpose forces capable of responding across the spectrum of conflict from war to civil relief and humanitarian aid. Marines demonstrated their flexibility and diversity in responding to the following crises in the last year:

SOMALIA. Recent Marine Corps involvement began with the USS Tripoli, Juneau, Rushmore and embarked 15th Marine Expeditionary Unit (Special Operations Capable) providing the contingency capabilities of search and rescue, security, and non-

combat evacuation during Operation Provide Relief. Subsequently, First Marine Expeditionary Force units flew to Somalia and linked up with Maritime Prepositioning Force assets to form a force capable of assisting in implementing U. S. policy.

FLORIDA, GUAM AND HAWAII. Last fall, natural disasters struck close to home with Hurricane Andrew, Typhoon Omar, and Hurricane Iniki striking Florida, Guam and Hawaii. Naval and Marine Forces responded by providing shelter, power, and provisions.

Additionally, Marines provide security and assistance for Haitian refugees at the Guantanamo Naval Base; conduct counter-narcotic operations in Latin America, the Southwestern United States, and the Caribbean; and maintain a forward presence in the Western Pacific, Indian Ocean and Mediterranean in support of the National Military Strategy. The above examples, conducted in concert with the other Services, demonstrate the Marine Corps ability to effectively perform missions in a joint environment.

THE SUPPORTING ESTABLISHMENT

A modern, quality supporting establishment infrastructure is essential to our mission capability, productivity, readiness, and sustainability. The supporting establishment provides housing, messing, training areas, ranges and other basic facilities and services to Marines and dependents. The quality of life it produces greatly enhances morale and retention. The Marine Corps must provide quality of life programs that will encourage recruitment, enhance readiness, and stimulate reenlistment. As we downsize our force and increase deployment time, the quality of life we can provide will have a direct impact on our ability to perform our mission. To protect the Corps most valuable assets, Marines and their families, we have committed resources to our most essential quality of life services - Family service centers, off-duty education and child care.

Our already lean supporting establishment is tailored to support current force level requirements. The 16 major bases/stations and miscellaneous minor locations have just undergone a rigorous examination, with the Secretary of Defense forwarding his recommendations for base structure changes to the 1993 Base Realignment and Closure Commission. Even with these planned actions and savings accounted for, essential base

operating needs are funded.

Recent civilian personnel reductions present a formidable challenge for base commanders. Civilian employees provide continuity for our supporting establishment and enable assignment of Marines to the operating forces. Civilian personnel perform much of the functions of fire fighting, crash rescue, facilities maintenance, and essential communications/information management systems. These functions require a level of effort that remains relatively constant or, as in the case of functions such as child care and environmental requirements, have actually increased.

We continue to budget for all Class I and II environmental requirements. However, increasing standards and enforcement often lead to deficiencies during the year of execution. For example, the recently accelerated production phase-out of ozone-depleting substances will cause the advanced replacement or retrofitting of many refrigeration systems and explosion suppression/fire fighting equipment.

We continue to support Department of Defense initiatives to consolidate and standardize computer systems. This includes transferring authority to Defense Information Systems Agency (DISA) to acquire, manage and operate DoD information technology systems and centers. It mandates centralizing and consolidating processing and design centers, developing technology standards and methodologies, and implementing fee-for-service. As this occurs, Marine Corps unique information technology resources will diminish as customer demands for information technology increase. Although these changes are expected to produce long term savings, initial investment costs coupled with the cost of maintaining current systems at minimum levels preclude any appreciable savings at this time.

The recruiting of Marines and their subsequent basic, advanced, and career level training and education continue to be important. The emphasis on accessing quality recruits and providing them realistic combat training continues. Marine Battle Skills Training develops a Marine's combat skills by providing field training for recruits during basic training. Following recruit training, all male Marines receive four weeks of training in individual infantry skills, small unit tactics, and crew-served weapons at one of the schools of infantry.

We have made great strides in institutionalizing our military education programs and they have become an integral part of every Marine's professional development. Professional military education maintains the proficiency of individual Marines in the science and art of warfighting. The cornerstone of this program, the Marine Corps University, includes non-commissioned officer schools, staff non-commissioned officer

academies, The Basic School, Communications Officer School, Amphibious Warfare School, Command and Staff College, The School of Advanced Warfighting and the Marine Corps War College. Every Marine officer and non-commissioned officer attends one of these formal schools or participates in a structured self-study program. Additionally, readings on warfighting and related topics have increased the knowledge of Marines in all areas of warfighting.

RESERVE REQUIREMENTS

Changes in the world order, coupled with domestic economic considerations, have necessitated changes to our Marine Reserve Component. The Commandant directed the Reserve Component to structure an organization that will sustain the Selected Marine Corps Reserve as a vital part of the Total Force Marine Corps.

We have capitalized on lessons learned from our operational experience and shifted our focus to addressing future requirements in support of our national security interests. Our objective was, and still is, to retain combat power and force projection capability within the Total Force Marine Corps during this period of change. Rather than rest on our laurels, we promise to be even more proactive in pursuing new initiatives relative to our readiness and capabilities.

We are requesting \$75.1 million in fiscal year 1994 for the Operation and Maintenance, Marine Corps Reserve appropriation to support a projected Selected Marine Corps Reserve end strength of 36,900, a number which will permit us to both augment and reinforce the restructured Active Component. Our fiscal year 1994 Operation and Maintenance, Marine Corps Reserve funding emphasizes availability and operating condition of equipment, aggressive employment of simulators and other training or evaluative programs, access to adequate facilities and ranges, and recruiting and retention.

Equipment. We have generally returned our major end item posture to predeployment levels and have funded the remaining Southwest Asia related deficiencies.

Administrative Support for Simulators. The Operation and Maintenance, Marine Corps Reserve appropriation provides funds to support system upgrades, spare parts, communication devices, and contractor support. We are investing in simulators and other

training systems for realistic training at a substantially reduced cost. We have acquired and are aggressively employing such equipment at our Selected Marine Corps Reserve unit locations. These include indoor simulated marksmanship trainers, light armored vehicle anti-tank systems, and light armored vehicle turret trainers. Additional programmed assets include low altitude air defense stinger simulators, a combined arms staff trainer, moving target simulators, TOW (tube-launched, optically-tracked, wire-guided) and Dragon missile system simulators, infantry squad trainers, and tank full-crew interactive simulator systems.

Other Training and Evaluative Programs. Over the past several years my predecessors have described for the committee in some detail the comprehensive training program we have developed for the Reserve Component. Rather than discuss every facet of the program, such as opportunities for multi-unit exercises with the Active Component or international training assignments, I will address several programs which contribute markedly to our readiness. These programs are important because they tell what we are doing right as well as identify areas for corrective action.

The first program is the assessments we perform using the Marine Corps Combat Readiness and Evaluation System. This system tests the ability of the unit to perform wartime missions under simulated combat conditions. Since we really mean what we say about maintaining like units for like functions in our Active and

Reserve Components, we use realistic scenarios and the same Marine Corps Combat Readiness and Evaluation System performance standards and grading criteria to test units of both components.

We also continue to employ our highly successful Mobilization Operational Readiness Deployment Test program. A Mobilization Operational Readiness Deployment Test requires the Selected Marine Corps Reserve unit to demonstrate its ability to mobilize. It is the primary means we use to determine a unit's ability to contact and recall personnel, process them into active duty, and deploy. A Mobilization Operational Readiness Deployment Test will evaluate administration, logistics, personnel, and medical readiness. Marine Reserve Force has recently expanded the Mobilization Operational Readiness Deployment Test to the areas of command and control, family assistance, and community relations.

Another program is the periodic assessment of accounting and maintenance procedures. Using the same criteria as is used for the Active Component, the results of these assistance visits are that our Reserve units are exercising the same level of sound supply accounting practices and maintenance procedures as the

Active Component.

Facilities. The Marine Corps Reserve operates from 165 ground and 28 aviation sites spread through 46 States, the District of Columbia, and the Commonwealth of Puerto Rico. The dispersion of our units makes the Marine Corps Reserve truly a bridge between our Active Component and the people of the United States. We are placing great emphasis on improving the quality of our facilities because a number of our units continue to occupy space which is inadequate to accommodate administrative and operational requirements. We want to alleviate crowded conditions wherever possible and improve the quality of the working environment. We are carefully monitoring the availability of alternative training facilities in conjunction with base closures and Active force reductions. We are looking for opportunities to secure access to quality Reserve Centers, ranges, and training areas at minimal cost.

Recruiting and Retention. Several years ago our 28th Commandant stated "some military organizations around the world recruit people to operate equipment, but the Marine Corps procures equipment to outfit our people." Our current (and 30th Commandant) General Carl E. Mundy, Jr., restated this policy as follows: "All of the sophisticated technology, weapons, and equipment military services the world over own...are worthless unless the right people are operating them. People are the most important element of successful mission accomplishment in any military service." I am pleased to report that the Marine Corps Reserve is doing very well in attracting and retaining quality personnel. Our prior service and non-prior service recruiting programs continue to provide the high quality men and women needed to meet the manning requirements of the Selected Marine Corps Reserve. A total of \$7.2 million of our Operation and Maintenance, Marine Corps Reserve appropriation is devoted to our most important resource.

SUMMARY

The budget request for fiscal year 1994 balances resources among competing requirements. In recognition of the changing security environment, the O&M request is considered to be the minimum required for mission accomplishment.

The Operation and Maintenance budget will:

Assure near-term readiness of a smaller Total Force;

Provide training and support to develop unit skills, integrity, and cohesiveness to deploy and employ disciplined and effective combat units;

Continue emphasis on maritime prepositioning;

Provide for professional education and development of Marines in the art of warfighting;

Fund essential operations of our bases and stations and minimal quality of life;

Protect the environment and natural resources under Marine Corps stewardship;

Provide resources essential to attract and retain those who can effectively serve as Marines.

Thank you for the opportunity to present this request for your consideration. You can be certain that the funding you authorize will be converted into combat power.

HOLLOW FORCE

Mr. MURTHA. You know that we have been in the forefront in making sure that O&M monies were available, and it comes from long years of experience and seeing the hollow force. I tell the story over and over again.

In 1980, we had approximately the same size force as we had in 1991, a little larger in 1991, but basically the same force before calling up the Reserves. In 1980, we couldn't pull off a Desert One-type operation, which was a fairly simple evacuation but complicated. When you have the right people and right training, you can pull it off, and of course, in 1991 we pulled off operation Desert Storm.

It reminded me of another example—the Persian Gulf. The USS ROBERTS was hit with a mine which tore a hole about as big as a bus in the side of the ship. It would have sunk under almost any other circumstances, but what saved the ship was the training of the crew. They had a tremendous fire, didn't lose anybody, and the crew went through this procedure. It was phenomenal; they saved a \$400 million ship.

The Navy had cut out the very training program that saved that ship because of lack of money. That shows you how short-sighted we can be when it comes to O&M.

O&M has very few real constituents except this Committee because there are no real areas in the country that push it. It is something that we know has to be supported.

As a matter of fact, there is another story, and this involves the Navy also. There was this young officer who was a captain in the Navy. He was going through the Suez Canal and lost his rudder, and he was one of the most outstanding Naval officers. As a matter of fact he accompanied us on a couple of trips to Sarajevo. The Army liaison officer decided it was too hot for him, so the Navy officer volunteered to go along with us. He was telling me about the time he lost a rudder and a French ship had to tow him in. You imagine the embarrassment to the United States Navy when the French ship towed him in to repair his rudder. Of course I look at that as an example showing when you don't have O&M, you are rudderless.

The thing that we are the most worried about is the tempo of operations in protecting the force from becoming a hollow force. We have a number of questions that we will ask for the record, but there is no one more concerned than we are.

Of course, the thing that comes to mind right away is the Defense Business Operations Fund. I know several of you mentioned DBOF, but the Secretary has assured us he is going to make these payments that you are supposed to get from the DBOF account to the individual services, but I assume you haven't heard that. Do you folks know you are going to get the payments you have coming to you? The Army knows. Does the Navy?

Admiral EARNER. We received the same memo, I think, over Mr. Aspin's personal signature, that the money would be forthcoming.

DBOF CASH TRANSFERS IN FY 1994

Mr. MURTHA. How about 1994?

General BUNGER. The 1994 transfer is, of course, assumed in the budget and we are assuming we are going to get that money. We have planned our force structure and OPTEMPO accordingly, so we are banking on that money.

Mr. MURTHA. What if you didn't get it?

General BUNGER. I think all of us went through "what if" this year when we were told we weren't going to get the transfer. We asked the field commanders to come in, and across the board the impacts were immediate and severe, everything from delaying space launches to grounding airplanes for several weeks, canceling training exercises, everything.

OPTEMPO FUNDS

Mr. MURTHA. We, in fact, have the types of problems you are talking about right now down at Fort Hood. The Division Commander of the First Cavalry Division was telling me he is \$4 million short in the battalion training money. He feels that his division, one of the four ready divisions—there are two at Fort Hood—is the premiere of four attached to that corps. It doesn't have the money for the battalion exercises.

When he is concerned, I am concerned. Of course down in Lejeune, I found a shortage of spare parts starting to show up, starting to catch up with us is what it amounts to. We can live on past buys to a certain extent and past training, but it doesn't take long for problems to show up. The propensity to enlist is down, when you go from a hundred percent to 90 percent high school graduates.

When you start cannibalizing equipment, the costs are greater in the long run. So you can be assured we are going to do everything we can to keep the O&M up.

As a matter of fact, this Committee, rather than reprogram the money to pay for the Somalia operations, put a supplemental in because we think it is absolutely essential to our national security to have money available if we are going to continue at the same tempo in which we have been operating. So we feel very strongly about it.

We appreciate what you are saying, and we will continue to support it, do whatever we can to keep the funds available and at the highest possible level for the number of people that you have.

Mr. McDade.

REMARKS OF MR. MC DADE

Mr. McDADE. Mr. Chairman, thank you.

I want to welcome all of you today to what is not the happiest presentation we have ever heard, and as we sit here with baited breath waiting for DBOF, we hope, to come through. If it doesn't, as the Chairman has pointed out, and as you have pointed out, there are very serious implications to it.

I want to reiterate what the chairman has said. All of us, we know you feel the same way, are committed to the O&M stream,

we want to make sure we don't get back into the days that none of us want to relive. We sure have learned the lesson, we hope, that peaks and valleys in readiness funding are to be avoided at all costs.

DEPOT MAINTENANCE

So let me focus, if I can, just to try to illustrate the position that all of you are in and we are in with respect to the budget request on depot maintenance and spare parts. For 1994, the depot maintenance request as I understand it is \$5.3 billion, which would represent a \$1.3 billion reduction from the past fiscal year.

The depot maintenance backlog is projected to be \$2 billion, which would represent a 48 percent increase in one year, 48 percent increase from 1993. Do you agree with those figures, gentlemen? You all have your individual services, but, please.

General STEWART. Well, I know from the Marine Corps, our backlog is increasing. We estimate our backlog in 1994 will be \$255 million.

Mr. McDADE. In fact your program was cut from \$177.2 million as I understand it all the way back to \$44.2 million?

General STEWART. That is right, sir.

Mr. McDADE. Your unfunded backlog is up to \$165 million over \$90 million in one fiscal year, one turn of the wheel.

General STEWART. Yes, sir.

Mr. McDADE. Isn't it correct, don't you all agree that as we begin this tremendous build down and with declining procurement budgets, the shutting of new production lines, you are going to have to do a great deal more reconditioning if you are going to keep the equipment in shape for the youngsters to use it to keep them out of harms way. There is no doubt about that, is there?

General STEWART. We aren't getting anything new, so we are going to have to make what we have last.

Mr. McDADE. Nevertheless we see these tremendous increases in maintenance backlogs. I look at your cut from \$177.2 million all the way back to \$44 million and the enormous increase in backlog, and it just doesn't seem that those numbers are going to allow you to get the reconditioned equipment back out.

Do you think you can execute that? Can you get reconditioned, first-class equipment out to everybody?

General STEWART. Sir, we think our readiness is going to decline. To be honest with you, I know it is kind of confusing, but our capacity is such that with the supplementals that we have received in the past, we are going to be all right in fiscal year 1994 as far as the amount of money that we have to operate our two facilities.

Where we really start feeling the crunch for our depot maintenance is in fiscal year 1995. Fiscal year 1995 is where we will not have sufficient funds.

Mr. McDADE. Even with that backlog, you can get through 1994?

General STEWART. We can get through 1994, yes, sir.

Mr. McDADE. Let's go to the Air Force because you got a substantial cut and another increase again in backlog. Can you make it through 1994 without impacting readiness? You are saying—

General Stewart, you did say it would have an impact on your readiness.

General STEWART. Sir, our readiness is becoming frayed right now. I think it is going to be frayed a little bit more in fiscal year 1994, but to tell you the truth, we have a little bit of a capacity problem in fiscal year 1994. In other words, we are contracting out, we are working with the other services, but we really can only do so much work at Albany and Barstow.

Mr. McDADE. As you look downstream and see these more draconian cuts coming in fiscal year 1995, going to cut the number, \$44 million is going to evaporate too in fiscal year 1995.

General STEWART. In 1995 for the Marine Corps, we will have more capacity, but we won't have the money to be able to utilize the capacity that we have.

Mr. McDADE. Let's go to the Air Force, go through the same kind of drill. I would like to go down the table with all of you if I may. I see the same thing happening, not quite with the severity that the Marines are facing in terms of percentages, but nevertheless the same trend line, same problem coming at you in 1995. Is that right?

General BUNGER. That is the one area where we are pushing the edge about as far as we can for unfunded requirements and still maintain a balance. But that has been our goal to try to strike a delicate balance between the operation and maintenance areas and our quality-of-life areas for dormitory support, field support for our airmen, and we feel that we do have a balance in 1994.

We have a very big concern for both depot maintenance and our backlog in maintenance and repair facilities, but I do think we have a balance in 1994 and we will not see an impact on readiness in 1994 due to the backlog of depot maintenance. If that continues to grow in the out-years and we maintain the same force structure level, then we could see impacts, but—

Mr. McDADE. If your budget goes down in 1995, how are you going to get well with the backlog you are building?

General BUNGER. There are a lot of unknowns. With the Bottom-Up review, we don't know how many old aircraft we are going to get rid of.

Mr. McDADE. Well, the point is, unless you see reversals of those numbers upward, you can't keep sustaining the position of readiness that you are currently in, can you?

General BUNGER. Not if you maintain the current force structure, we cannot.

Mr. McDADE. If your numbers don't trend up, you cannot only get your backlog, you can't get well if you have cuts again in 1995; is that right?

General BUNGER. Absolutely. We cannot get well. No, sir.

Mr. McDADE. Let me go to Admiral Earner if I may, just go through that a little bit. Your backlog goes over a billion dollars for the first time in quite a few fiscal years. It looks like it is getting to this—it doubles in 1994 as a matter of fact, from fiscal 1994, your financial backlog.

Would you tell us what you perceive to be the impacts on readiness and whether or not if that continues, what would you perceive to be the case in fiscal year 1995?

Admiral EARNER. There are three basic components for our depot backlog: ship maintenance, aircraft maintenance and other maintenance. The largest single piece of the backlog is other maintenance, but first on ship maintenance.

We have made a tough decision to backlog three overhauls, two destroyers on the West Coast and one LHA large amphibious ship, on the East Coast, \$129 million from a zero backlog the previous year. I know from personal experience that the two destroyers on the West Coast have been in dry dock overhaul for other reasons within the past two years, and we will not affect their long-term readiness through this action.

We could not continue to do so, however, nor should we let that backlog get any larger.

Mr. McDADE. If you went through another fiscal year, would it begin to affect you long term?

Admiral EARNER. It is a strong element of our plan to not let that backlog get bigger. Aircraft maintenance numbers, we have 250 engines in the backlog. We think that is manageable for the size of the engine inventory that we have. Unless there was a class problem with a particular engine set that drove us to do some extraordinary things, we could manage—keep the readiness on aircraft engines for a long time with 250 engines in the backlog.

Airframes, there are 150 airframes in the backlog. Depending on the mix of the airframes that were left in the backlog from year to year, I could have a very serious readiness problem or I could not have a very serious readiness problem. It will be our challenge to manage that to make sure we are not taking front line fighter attack aircraft and backlogging those instead of utility aircraft or less important aircraft.

It will also be our challenge as the resources diminish to look at our entire inventory and remove from inventory aircraft where we can so that we just don't have to expend money to maintain them when their utility is not up to providing the front line readiness that we need. And, finally in other maintenance.

Mr. McDADE. Before you leave aircraft, let me try to get a further distinction for the record, because you do the maintenance for the Marine Corps, right?

Admiral EARNER. We do; aircraft.

Mr. McDADE. Aircraft. How much of that is Marine requirements that represent the \$573 million for aircraft?

Admiral EARNER. I will have to take that for the record.

Mr. McDADE. Tell you what you do. Put it in the record and also furnish it to the staff so that we may get a good handle on it.

[The information follows:]

Of the \$573 million of funded aircraft depot maintenance, \$73 million is budgeted for aircraft type-model-series (TMS) used exclusively by the Marine Corps. The remaining \$500 million of funded aircraft depot maintenance supports TMS used exclusively by Navy and TMS used by both Navy and Marine Corps.

Admiral EARNER. Other consists of software maintenance, ordnance maintenance, some end items, support equipment maintenance, depot level repairables, some missile maintenance, includes things like targets, aircraft cameras, mine countermeasure equipment, and communications equipment.

There is a large number of pieces of equipment out there that require some type of depot maintenance which we have made the decision to put in the backlog. Quite frankly in the years to come, with diminishing resources, we will be looking at the entire area to see whether or not the inventory is too large and is artificially reflecting a financial backlog because people no longer really need the equipment.

Mr. McDADE. I wonder how you catch up on all this, Admiral?

Admiral EARNER. It is hard to catch up on that much. That is a hard catch up.

Mr. McDADE. It sure is. What would happen in 1994?

Admiral EARNER. We won't be able to reduce that backlog by two-thirds next year. We can make an effort to.

Mr. McDADE. They don't foresee that happening. The money is not going to be there.

Admiral EARNER. That is right.

Mr. McDADE. What will be the impact on the Navy's readiness if you are forced to live like this in fiscal 1995 as well?

Admiral EARNER. In some of these areas, there will be a noticeable reduction in the training capability, because of the support equipment which contributes to that. But in some other areas where we are reducing our mission capabilities or the need for the types of systems that others support, where it has been diminished, we will probably diminish the amount of equipment that we keep in inventory, rather than continue to carry them and say that they need to be repaired, when we know that we aren't going to be able to afford to repair them.

Mr. McDADE. You try to get them out of the inventory as scrap value or something.

Admiral EARNER. Yes, sir.

Mr. McDADE. Junking them is what it amounts to?

Admiral EARNER. Yes, sir. We are going to take a thorough review of that inventory and see what is in there. It is too big.

Mr. McDADE. Let's shift over if we can for a second to the Army please, General.

General THOMPSON. Yes, sir. The Army—

Mr. McDADE. I was going to say, yours is substantially cut as well in that your backlog has grown by about \$100 million, \$200 million, in that vicinity. What does it look like to you? Can you get through 1994 as you are currently funded?

General THOMPSON. The comments of my colleagues are essentially the same for the Army. We have what our DCSLOG likes to call, poverty pockets, that we are beginning to watch in this area. Essentially we are funded at 58 percent of our requirements and our backlog total is \$513 million.

As we go into the out-years beyond 1994, we have some concerns, yes, sir.

Mr. McDADE. And one of the aggravations that I think exists particularly in the Army is that although this committee funded the Desert Storm requirement to recondition all the equipment that was deteriorated because it was exercised in Desert Storm, that didn't get through the Senate, so you are eating that too, aren't you?

General THOMPSON. We are eating some Desert Storm requirements in both this fiscal year as well as into next fiscal year. Yes, sir.

Mr. McDADE. Can you put a number on that for me?

General THOMPSON. I can give you some dollar numbers that are associated with how we dealt with the Desert Storm requirements, then I will come back to that as it relates a little bit to the maintenance side.

We started this fiscal year asking for \$2.5 billion. As the money was appropriated, it came out to \$1.69 billion, so we had a shortfall going right in. On top of that, the Gulf Cooperation Account was emptied and that added about \$112 million—

Mr. McDADE. So you have a billion dollars?

General THOMPSON. Yes, just short of a billion dollars, and that affects how we deal with the requirements we have. We have aviation problems in what we call our Special Technical Inspection Repair program that we are still working on as we go into fiscal year 1994 from 1993. And there are some other associated depot maintenance ground equipment problems on ground equipment as well.

Mr. McDADE. Well, needless to say, as I go down the table and I appreciate all of your candor in your answers, it is less than a happy picture. And if the out-years look, if the situation holds, worse than it is right now, we are right down that path again to what is less than a ready force, less than a trained-up force that we are all seeing. So we are going to stay in contact with you because as the chairman said, this Committee has determined that that repetition of history is not going to occur.

That is a lesson that I think, at least in this Committee, is well learned, and I know from your experience and perspective it is well learned and so we share that commonality. We need to stay in touch. We need to figure out a way to get over these hurdles in some fashion.

I have a few more questions for the record if I may, Mr. Chairman.

Mr. MURTHA. Without objection.

[CLERK'S NOTE.—Questions submitted by Mr. McDade and the answers thereto follow:]

INCREASE IN DEPOT MAINTENANCE BACKLOGS

Question. According to OSD's justification material, the Army's depot maintenance backlogs increased by nearly one-quarter from fiscal year 1993 to 1994—from \$416.5 million to \$513.0 million. While backlogs for "aircraft" and "combat vehicle" maintenance increase also, the largest growth is in the category labeled "other". These backlogs increase from \$231.5 million in fiscal year 1993 to \$282.8 million in fiscal year 1994. Please provide a detailed description of the maintenance activities included in the "other" category. Specifically, by category, provide the FY 1993 and FY 1994 funded and requested levels and the respective backlogs for FY 1993 and FY 1994.

Answer. The backlog totals cited for 1993 and 1994 include both the categories labeled "missiles" and "other". The Army Materiel

Command (AMC) is currently in the process of updating the requirements (funded/unfunded programs) as the year of execution approaches. Updates from AMC's Major Subordinate Commands are due to that headquarters on 15 July 1993. A detailed current breakout by category shows the following funded and backlog figures:

[All numbers are in thousands]

	Fiscal Year 93 Funded \$121,623	Fiscal Year 93 Backlog \$23,005	Fiscal Year 94 Funded \$98,929	Fiscal Year 94 Backlog \$48,826
Missile				
Other:				
Automotive vehicle.....	15,974	9,645	0	1,560
Construction equip.....	10,856	14,824	97	1,600
Communication elec.....	84,879	44,460	91,321	46,649
Ships.....	6,047	29,409	1,249	30,641
Munitions (NBC def).....	17,849	18,194	9,035	6,321
Weapons.....	13,401	11,648	14,390	7,660
Rail road equip.....	30	622	21	3,081
General equipment.....	9,833	3,674	10,502	4,371
Other.....	39,535	8,958	19,658	19,373
Software engineering.....	86,625	67,110	84,780	113,770
Total.....	406,652	231,549	329,982	283,852

Question. What is the FY 1993 planned and FY 1994 requested level for communications-electronics maintenance, and the respective FY 1993/FY 1994 backlogs for this category?

Answer. The FY 1993 planned and FY 1994 requested level for communications-electronics maintenance is provided above.

Question. What will be the impact on workload (expressed in manyears) at the Army's C-E maintenance facilities under your FY 1994 program? Provide an answer for the aggregate C-E program as well as by C-E maintenance facility.

Answer. The current projected FY 1994 funded maintenance workload is 3,286 workyears, including 219 workyears projected overtime. The total does not include 725 funded BASEOPS workyears. This will ensure that personnel onboard in FY 1994 have workload to sustain them, with the minimal level of carryout necessary each year for continuity of operations.

The Sacramento Army Depot workload is all FY 1993 carryover. The funded workyears break out as follows:

525 workyears maintenance

262 workyears base operations (BASEOPS)

The Tobyhanna Army Depot funded workload consists of FY 1993 carryover and FY 1994 new orders, and breaks out as follows:

2,761 workyears maintenance

463 workyears base operations (BASEOPS)

[CLERK'S NOTE.—End of questions submitted by Mr. McDade.]

O&M REQUIREMENTS

Mr. MURTHA. One thing I want to keep in mind, I know that you have a mandate to support the budget that is sent over here, but this is what happened back in the 1970s and 1980s. The services

kept testifying over and over again that they could get along with the amount of money that was available.

Now, I know that you can get by, but we have to keep in mind that this is a serious proposition. There is no first, second and third. There is only first and last in these things: Our troops must be at maximum efficiency, and when you look at the budget figures for O&M, I realize they are fairly constant. Other money is coming out of O&M for various operational expenses, such as global cooperative initiatives. Somalia is one which is a billion dollars, and the other is for environmental expenses. These are all going to come out of O&M, which is going to substantially reduce the amount of money available, and then training money starts to slip.

If we stop flying or lower the flying rates, it then means we have more accidents, and problems just keep going on and on, more people get killed. So when you are answering these questions, you have got to be perfectly frank with us as to your professional opinions about this.

We know that there is a residual of spare parts and training because of Desert Shield and Desert Storm. Morale has been brought up over the years. Those are very fragile things and they disappear very quickly and we have to have a record that shows exactly what you think in your professional opinions so we can address the problem. There are people who are skeptical about spending more money in any area, especially in O&M. They just think because that is such a large figure we can reduce it.

So when you answer your questions, I hope you will keep that in mind.

Mr. Visclosky.

AIRCREW TRAINING

Mr. VISCLOSKY. Thank you, Mr. Chairman.

I know for the record the Chairman will have a number of questions on training and operation tempo and both gentlemen have touched on it.

I have one specific question. I question the whole concept of training and where we are. My understanding is that we go to great expense, General Bunker, to ensure that we have cargo aircraft that we can refuel, planes like the C-5, C-141. We have had a lot of discussion about the C-17.

From recent conversations, it is my understanding that all of the crews that fly these planes are not certified to do air refueling. Is that correct?

General BUNKER. Our goal is to get all the crews qualified in air refueling, but they are not all 100 percent. We started out several years ago thinking that we could make it on big deployments if 50 percent of the crews were qualified to air refuel, and the commanders of the AMC decided in 1990 or 1991 that when we have to do things like Desert Storm, that would require every crew we had to be qualified.

So that is our goal, yes. If you want specifics on where we stand now, I will have to get that for the record.

Mr. VISCLOSKY. If you could for the record, tell me what percentage of your crew is trained. I understand it is a very difficult number, but what percentage of the crew is trained for that?

General BUNGER. My data is old. I would rather answer that for the record rather than give you a guess.

Mr. VISCLOSKY. Mr. Chairman.

DESERT STORM-TYPE OPERATIONS

Mr. MURTHA. I am interested in what you are saying. I am trying to follow this because I said six months ago that we couldn't pull off another operation Desert Storm. General Powell disagreed with me, but General Hoar was in here not long ago saying we couldn't pull it off at the same time.

So however you want to translate it, it would be very difficult to pull off an operation Desert Storm, which was run with a lot of luck involved. He didn't come South and we had some real miscalculations by the enemy. So what Mr. Visclosky is asking is that if we had a build-up like that, would we have the trained pilots?

One other thing we ran into when we went to Somalia was that some of those pilots have been deployed so often in the tankers that you were losing them all. They were getting out, either because they had been deployed so much or because they can make more money, I don't know which, but they were getting out for one reason or another. What are you saying here?

General BUNGER. Personal opinion again, I think we could do another Desert Storm. We did fly the crews until they were ragged and tired and almost to the limit, but—and we have taken action within the Air Force to increase our—

Mr. MURTHA. Wait a minute. You made a judgment there. I am not sure you are thinking through what you said. First of all, C-141s are in the worst shape—they have been used substantially since Desert Storm. We haven't done a lot to improve them. You are flying them with weight restrictions on them now, more of them than ever before.

General BUNGER. Yes, sir.

Mr. MURTHA. So any way you look at it, maybe you can do it, but it would take a lot longer. I know there are things that can be done, but can they be done at the same time with the same quality of force? There are all kinds of ways of answering the question.

General BUNGER. Well, that is certainly a judgment call, but if we were called upon to do another Desert Storm, we would do some of the same things we did in Desert Storm. We would pull some of those C-141s out of the depot that would still fly.

We have to put weight restrictions on them. We might have to make broader use of the CRAF (civilian reserve) but whether or not we could do it in the exact same time, depending on the condition of the C-141s, would be a judgment call, but I would say, in my opinion, it would be very close, and again it would take a Herculean effort to do so, as it did the last time, but the 141s are—every month we fly them, we find more things wrong with them.

We have got the windshield post cracks, the inner and outer wing cracks as you alluded to, that impacts the amount of weight

we can carry. So, therefore, it does impact how quickly we can deploy. That is one of the reasons, of course, we do need help in the airlift airplanes area.

C-141 FLEET

Mr. VISCLOSKY. Mr. Chairman, I want to continue to press this a bit in terms of the condition of the C-141s and I have a question on that in terms of your spare parts, but I would like to get back to the crews for a minute if I could.

Without a percentage here, it is my understanding not all of the crews are trained for refueling. Given that, what is the cause of that lack of training?

General BUNGER. Well, we have new crews coming in and they haven't had time to get upgraded. We have older crews going out being replaced by the younger crews who haven't gone through the steps to be qualified in air refueling, and that is basically it.

Mr. VISCLOSKY. It is not a question of money, then?

General BUNGER. No, sir, it is not.

Mr. VISCLOSKY. It is not a question of money?

General BUNGER. We have not restricted crew training for O&M. In the airlift fleet in particular, when we do something like Desert Storm or a smaller time frame like Somalia, the aircrews are working so much at deploying that they don't have time to train at home with flag pole procedures and emergency procedures.

They are too busy flying back and forth across the ocean.

C-141 CREWS

Mr. VISCLOSKY. Let me ask you, is that caused by a lack of planes or is that caused by a lack of crews?

General BUNGER. We experienced in Desert Storm a shortage of crews. That is why this budget reflects an increase in crew ratio on the airlift airplanes as well as the fighter airplanes. We had more airplanes than we had crews to fly in certain points during the war.

Mr. VISCLOSKY. Mr. Chairman, I would just make the point that I think it is an acute issue if we are asked to spend literally billions of dollars either to repair or build new aircraft and we are not going to use them to their highest efficiency in terms of options.

There is no point in spending the money, if we don't have the crews to refuel them.

General BUNGER. We fully intend to have the crews, sir, but there is always going to be a lag time in a dynamic force when you are not 100 percent trained. I don't know what the number is today, but I will provide it for you.

[The information follows:]

Currently, 85 percent of C-5 and C-141 active duty line assigned aircrews are air refueling qualified. In the Air Reserve Component, 50 percent of Unit Equipped and 20 percent of Reserve Associate aircrews are air refueling qualified.

General BUNGER. We have consciously funded training at 100 percent in this budget to keep the same level of OPTEMPO.

Mr. VISCLOSKY. For your air cargo?

General BUNGER. For all of our airplanes.

Mr. VISCLOSKY. Talking about the C-141s, while we are on the subject. What are the problems you are having with the C-141s in terms of spare parts? Is that part of the problem here in the restrictions on the aircraft and the time spent on the ground? And if so, could you describe that?

General BUNGER. Well, part of the problem is simply so much happening at once on the airplane. The ability to get them all fixed in a very short time has been beyond our capability for that particular fleet and we have not been able to have the capacity to do so in a short period of time. There has been some problem with the DBOF side of the house on acquiring parts, both on availability and ability to fix the parts that need to be fixed and put back on the airplane, but as far as the O&M budget, the customer of the DBOF, we don't have a money problem in that area.

RECRUITING FACILITIES

Mr. VISCLOSKY. My understanding of recruiting is that the Army and Marine Corps currently have consolidated recruiting services for Active and Reserve. If I could, in terms of plans for the Air Force and Navy, are there any plans for coordination of the recruiting services for Active and Reserve units and will there be a cost savings that you would attach to it?

Admiral EARNER. Right now the Navy is in the process of studying that issue and it is in review. I don't have a cost for you. I can provide it whenever that study comes through my office.

[The information follows:]

The Navy has been conducting a study to determine the potential feasibility of consolidating the active and reserve recruiting services. When that study is completed, we will notify you of the results.

Mr. VISCLOSKY. Do you know when the Navy intends to complete the study?

Admiral EARNER. It will be completed this summer.

Mr. VISCLOSKY. This summer?

Admiral EARNER. Yes, sir.

General BUNGER. Sir, we have no plans currently to combine the two programs.

Mr. VISCLOSKY. Have you examined the cost aspect of that or you have not?

General BUNGER. Not to my knowledge, sir.

Mr. VISCLOSKY. Do any of you have general comments on problems or lack of problems you are having with recruitment?

I had a conversation with a group of young people in Gary, Indiana in January encouraging them to apply for the military academies, and one of the young women piped up, "Don't join the military. My brother was in the Army for four years and they wouldn't let him sign up again." And in terms of potential recruits, we lost at least five right there in the conversation.

I don't know the circumstances, obviously, of why the young man was not allowed to sign up, but based on that anecdotal experience, are you having problems in terms of your downsizing?

General THOMPSON. I would be glad to comment. The Army has experienced this year some problems with reaching the goals, the quality goals that we have established for ourselves, primarily in

the area of percentage of high school graduates that we would take into the service, and also the percentages of CAT-IVs, the lowest of the four mental categories that we would like to minimize.

Mr. VISCLOSKY. General, what is CAT-IV?

General THOMPSON. The CAT-IV is in the range of tests that are taken. These are people that score lowest on the test that we give—aptitude, those kinds of things.

Mr. VISCLOSKY. So it is acceptable, but it is the lowest?

General THOMPSON. Yes. The more CAT-IVs you get, the more recruiting strength you get, but the likelihood is that your quality will be diminished.

Mr. MURTHA. Give me an example of what a CAT-IV is. Give me an educational comparison.

General THOMPSON. I don't have specifics on that to answer your particular question, sir, but I would say to you that a CAT-IV is someone who first of all, probably hasn't finished high school either because of grades or motivation, especially for grades. The aptitude range in testing considers areas like maintenance, general skills and so forth, and CAT-IVs score in the lower percentile of the acceptable range that we take. So we don't want a high number of CAT-IVs because we learned there were too many in the Army during the last hollow force time and we are trying to avoid that at all possible costs; the percentage right now is a little bit above our standard 2 percent. We want to get that down to the 2 percent range.

We hope to do that by the end of the fiscal year. High school graduates, we want a minimum of 95 percent of our recruits to be high school graduates. This fiscal year, as of March, we had only about 89.6 percent high school graduates of those we have been able to recruit. So we see some cracks on the edges, if you will.

Our goal for fiscal year 1994 is, in fact, the 95 percent that I was talking about before.

Back to your other comment about propensity. The Army did a youth attitudinal tracking survey, and it showed that over the past two years, that the propensity to enlist dropped by 30 percent in the 16 to 21-year-olds who showed any propensity for wanting to come into the Army. We think that is significant.

Mr. VISCLOSKY. I am not asking anybody, but do you have any other comments.

Admiral EARNER. I would like to say that we have got great sailors today and we have a well trained—we have got a well-trained force, as well trained as we have ever had, but we are concerned that we must maintain a military and Naval career as a competitive position in our society.

Quite frankly, when we are doing a big downsizing, this seems to be the word, we are shrinking. The end strengths are going down pretty rapidly in the Naval services for our scale. We are not forcing anybody out, but we are providing incentives for people to get out and it is a situation where we always have to keep our eye on the ball to make sure that while we are doing these things, people recognize that we want to maintain a high quality career for those who are really skilled and able to do it, and that there is a competitive option for them to come in and serve in the military service of

the United States. And that is a tougher challenge today than it was a few years ago.

General STEWART. I would just like to make a couple points. I was interested in the Army's number. Their propensity to join the Army is down 30 percent, because that is the same with the Marine Corps. Our propensity to join the Marine Corps we found now is down 30 percent also. I think that is really significant, and our percentage of high school graduates is down also.

We are still pretty high, 99 percent to 97 percent, but it sort of goes back to what we said about readiness. It is not terrible, but you can see that it is starting to fray around the edges. Can we live with 97 percent? I think we can, but it is how much lower than that do you go and is that going to continue to head downward, which is our concern.

Mr. VISCLOSKY. Thank you.

Thank you, Mr. Chairman.

Mr. MURTHA. It looks like the Air Force is in pretty good shape. We can maybe shift some of this money from the Air Force to the other services. Is that what you are saying to us?

General BUNGER. Sir, what I am saying is that that is appearances only. The Air Force has made the decision to balance force structure with the operating tempo money, with the recruit and support money, and with our investment money. That did require some serious decisions in the past.

We have taken giant strides in reducing overhead. We have combined commands. We have reduced the size of the intermediate commands, and we have tried to keep the balance that is required.

Mr. MURTHA. Mr. Lewis.

NATIONAL TRAINING CENTER

Mr. LEWIS. Thank you, Mr. Chairman.

Gentlemen, it is a pleasure to be with you. I must say that my experience with the Air Force of late has involved three Air Force bases closing in my region and so it is difficult for me to get beyond that point.

General BUNGER. Yes, sir.

Mr LEWIS. I will tend to focus, however, upon the high desert of the West in no small part because one of our fine staff, Ms. Pacquing, has just recently visited my district and the National Training Center for the Army. I don't think Julie had a chance to go to the Twentynine Palms. We will have to do that another time.

But having said that, there are some serious questions in connection with what is going on at NTC. You may be aware, General Thompson, that I have had some meetings with Paul Johnson in an effort to try to approach stabilizing some of the difficulties relating to helo and fixed-wing assets associated with the NTC.

I don't know if you know about those meetings, but we do have some serious questions there. Does your budget contemplate resolving those issues that flow around helos and fixed-wing aircraft within the \$213 million that is requested for fiscal year 1994?

General THOMPSON. I am not aware, sir, of your efforts at the National Training Center with regard to helicopters or fixed-wing aircraft at the National Training Center.

Mr. LEWIS. Well, there has been an ongoing difficulty with parts at Barstow Daggett, an airfield that has been used for helos recently. Earthquakes create a problem with the equipment out there. Those buildings now are being repaired by the county, an expenditure of some \$600,000 locally. There apparently is in the process a gift or transfer of some \$12 million worth of property at Barlow-Daggett, potentially the NTC and the Army to eventually have an airhead there.

There will be some planning and design money relative to that prospect, at least that is what Mr. Hefner and I have discussed here recently, and it is an important item that I would like to have you focus upon.

I am interested at the moment in getting some information from you relative to how we get the troops that are transported, 12 rotations a year, aren't there?

General THOMPSON. Twelve rotations, yes, sir.

Mr. LEWIS. They have in the past been going through Norton Air Force base and bussed out to Fort Irwin. Norton was on a closure list, so now you are going out of an airhead in Las Vegas, I believe; is that right?

General THOMPSON. That is my understanding, yes, sir.

Mr. LEWIS. Do you have any idea of what the distance or the bus trip involved is?

General THOMPSON. I have not done it that way. I have done it the other way from the—

Mr. LEWIS. From Norton.

General THOMPSON. From California. From Ontario. I flew into Ontario one time.

Mr. LEWIS. Same distance.

General THOMPSON. That is why I say, I believe it is about the same distance as it is on a long trip. I will have to provide the information for the record on where the Army is in those negotiations, sir, because I—and also if you like, the operational plans that are associated with getting those 12 rotations into the NTC—I don't expect them to continue to use the Las Vegas area.

[The information follows:]

Norton AFB served as NTC's airhead since 1981. Since its closure, NTC has been using interim airheads; McCarren International at Las Vegas, NV, for passengers and a combination of El Toro NAS and March AFB for cargo. Buses provide transportation for passengers traffic to and from the airports. Road distance and travel times vary for McCarren (190 mi/4 hrs), March AFB (140 mi/3 hrs), Norton AFB (120 mi/2.5 hrs), El Toro NAS (166 mi/4 hrs) and George AFB (70 mi/1.5 hrs). An Analysis of Alternatives Study (AAS) to determine the best choice for a permanent airhead is ongoing and is expected to be completed in November 1993.

Mr. LEWIS. Let me maybe give some direction for the line of question that we might address. Presently those troops are flown into an airhead in Las Vegas. It is like coming from Ontario getting to Fort Irwin. It has been suggested that the way you solve that problem is by development of an airhead at Barstow Daggett.

In the meantime, it has been strongly suggested that the way to solve the airhead problem is to temporarily bring those troops into George Air Force Base, which is on a closure list but will remain as an air facility locally.

There needs to be some pretty hard negotiating in the short range, but I think we could save a lot of money. It would probably cost three million dollars for roughly a three-year period to move the troops from George to Barstow, but I think it would be cheaper to do that than to bus them from Las Vegas to NTC.

I would like to have you look at that specific figure. I presume it could be handled within \$13 million. It probably would be a savings within that package, but I would like to have your response in this connection.

We requested a study regarding the NTC airhead question. It was called the Airhead Initiative Study as I understand it, undertaken last May.

Do you know if any decision has been made regarding how we resolve that problem long-term? Your answer, I guess, suggests that you are not really familiar with it.

General THOMPSON. Sir, I am sorry. I am not familiar with it. I am unable to answer your question. I would like to give you a full report.

[The information follows:]

Since the base closure of Norton AFB, an Analysis of Alternatives Study (AAS) was initiated to determine the best choice for a permanent airhead for the NTC. The AAS compares an earlier study of Barstow-Daggett (1991) with current cost analysis for several other potential sites. It is expected to be completed in Nov. 93. Based on preliminary data, however, three sites appear viable: civilian lease operations at the former George AFB; construction of a military airfield at Barstow-Daggett; or continuing current operations. NTC has recommended construction of Barstow-Daggett provided the airfield is donated by San Bernardino County (valued at \$12 Million). The city of Barstow may donate \$3 Million dollars worth of additional land. George AFB is being reviewed as at least a potential interim site, provided it can become an operational airfield either under Air Force or civilian control. Negotiations between the Army, Air Force and civilian communities continue to that end. Final selection, however, will not be determined until the Department of the Army staff has reviewed the alternative sites and validated cost estimates. As a result, the NTC airhead project is currently an unfunded requirement.

LOGISTICS SERVICES

Mr. LEWIS. Somebody ought to know that we are moving pretty fast in connection with that planning, and within the appropriations side as well as talking to people in the authorizing committee, and so the sooner I can get some direct response from you, the better.

I am interested in another piece of activity in the same region that involves the Marine Corps. The Marine Corps apparently has a logistics base at Barstow that services a number of military efforts in the region, but most specifically provides service on the West Coast for the 29 Palms Marine Base.

Presently as I understand it, that facility is up to about 98 percent of capacity. First of all, let me say, there is a logistics facility in the Marine Corps at Albany on the East Coast, servicing facilities in the East. Barstow certainly is the facility for the West Coast. But it occurs to me as we are downsizing across corps, that logistics services of the kind that are available at Barstow could serve more than just a single branch.

In this process of quality downsizing of the military, we have been talking a lot about working with each other and not worrying

about what color the uniform maybe as long as the service is available.

General Thompson, in the past, the Army used to use that facility. The facility at Barstow, did you stop using those services at that logistics center because you kind of wanted to use the railways to deliver that equipment back and forth from a longer distance or was it because Barstow was over capacity?

General THOMPSON. I believe that there are some discussions going on between our Army Material Command and the Marines about this issue. I don't know what the current status of these discussions is, though.

Mr. LEWIS. Mr. Chairman, there is a legal prospect here that Marine Corps logistics facility at Barstow and it is incredible, in the past I have watched the tanks when they stripped them down to see one and put them back together again. I don't know how they find the personnel at Barstow to do that, but they have got the numbers.

The NTC is 30 miles away. Instead we are shipping those tanks halfway across the country. That kind of coordination is extremely logical. It is certainly logical for the Marine Corps to have a facility on the East Coast and West Coast. So as we coordinate these things, we may be looking at expanding that facility at Barstow, it seems, and providing that service for the Army, it makes sense that that facility reach out to Air Force—I am not sure the Navy wants to bring their ships all the way to up Barstow, but working together, we can save a lot of money if we are willing to coordinate these efforts.

Let's see, there was a question that came to us relative to kind of a shortfall in the pipeline as it relates to those tanks that are running around at the NTC. Apparently there is, in terms of spare parts, we are hearing that there may be approximately \$30 million spare parts problems with tanks out there. Can you tell me anything about that?

General THOMPSON. I can speak in a more general sense to the question. The overall funding levels provided to our installations by their major commands will be based on the amount of DBOF cash we of course finally get. It is my understanding that in this particular situation, the concern there is that even though the guidance to the field is that the dollars will come, the dollars haven't come yet because they haven't been released from the DBOF cash fund.

We have situations of course throughout the Army in which commanders know what their top line number is supposed to be; but, they don't yet have assurances, that is the final number, because they don't have the money in hand or that in fact, they are going to get it. We have faxed to all our major commands the letter from Mr. Aspin to assure them of his intent to provide the DBOF cash. I think that relates to the \$30 million problem that you are referring to.

Mr. LEWIS. I didn't ask that question because Ms. Pacquing saw a track fall off of one of those tanks out there, but in the meantime, she is paying careful attention. I am pleased to hear it. Mr. Chairman, thank you again.

Mr. MURTHA. Mr. Dicks.

OPTEMPO

Mr. DICKS. Let me ask a couple of questions just for my own edification. What are we doing on steaming hours? What numbers are we using for optempo?

Admiral EARNER. We are going at an OPTEMPO of 50.5 steaming days deployed and 29 steaming days while not deployed, same number we have had for the past number of years.

Mr. DICKS. How about flying hours?

Admiral EARNER. The active program provides 85 percent mission readiness. PMR is the typical measure used, 85 percent is what we are also flying this year, and in the Reserves we are flying to maintain 87 percent. The 85 percent for Active includes 2 percent of simulator trainer.

Mr. DICKS. How does that rate with where we have been?

Admiral EARNER. That is essentially what we have been keeping for the past several years. We have moved up and down a little bit, but we have been keeping it about 85 percent as a minimum in order to make all of the training requirements, be able to be deployed at the right time, and do all the missions while we are deployed, and come back to work back up again.

We are essentially level from the past couple of years through 1994. We are working to keep it at that level. We avert resources as we discussed earlier from some maintenance activities in order to keep the OPTEMPO and flying hours up where we think it needs to be.

CIVILIAN WORKFORCE

Mr. DICKS. I am concerned about the defense civilian personnel. In your statement, I see that Naval—civilians who work in Navy yards represent about 5,400 of the 14,000 cuts. Can you tell me what the strategy is there?

Admiral EARNER. Yes, sir. Well, we are trying to run the shipyards and the air depots as businesses. Their particular share of the maintenance workload that they are going to do has been going down for several years. The force structure is coming down.

We project a workload decline of 9 percent in the shipyards, and we are having to take the people down in order to keep the shipyards working.

DEPOT MAINTENANCE BACKLOG

Mr. DICKS. One point that bothers me about that is that you have the backlog. While you say it is coming down 9 percent, there is real concern that projected ship and aircraft maintenance backlog is approximately \$390 million in fiscal year 1994.

Admiral EARNER. I have a backlog in 1994. The amount of resources that we had, we put our emphasis on OPTEMPO and flying hours, and we took our shortages in backlogs, which we think we would rather not take, but which are minimal accepted backlogs that we can get away with, three ships and—

Mr. DICKS. Okay; \$390 million in fiscal year 1994, and it says Navy total depot maintenance backlog is projected to double in 1994 to \$1.3 billion.

Admiral EARNER. Yes, sir. Most of that maintenance backlog is in the category of other maintenance. Other maintenance covers a wide range of things, software, depot level repairables, targets, mine countermeasure equipment, support equipment.

Mr. DICKS. Well, if you have some more money, you could do more, right? Isn't that the bottom line?

Admiral EARNER. The comptroller is always looking for more money. If we have more money, we would do more. But in the area of other, I stated earlier I really believe we need to—we are in the process of doing a thorough survey of just what is in there in view of the fact that the force structure has come down so much and to make sure that we want to put scarce dollars into reducing the other backlog.

Clearly we don't want the backlog to get any larger, any higher in aircraft engines, airframes or ships.

Mr. DICKS. Why don't you provide for the record what the shortfall is for airframes, engines, and ships so we don't get into the other part of it, but the major—

Admiral EARNER. Yes, sir. There are three ships in the backlog for 1994, two destroyers on the West Coast and an LHA on the East Coast. There are 250 engines and 150 airframes in the backlog for 1994.

Mr. DICKS. Well, you gave us the numbers, please give us the dollars associated with them.

Admiral EARNER. I can do that. I have \$129 million associated with the ships, and I have—I had that number, \$259 million associated with the aircraft.

VOLUNTARY SEPARATION INCENTIVES

Mr. DICKS. Now let me ask you, you also say there is \$100 million included in the budget for voluntary separation incentives and transition health benefits. Who is going to manage this money?

Admiral EARNER. That money is being managed by OSD. For 1993, we have included a request in the omnibus reprogramming for \$173 million of that exit bonus, voluntary exit bonus money for civilians, beyond anything which OSD manages, verifiable people who have already chosen to take those bonuses in lieu of a RIF situation.

Mr. DICKS. I think by far it is a better way than resorting to this bumping procedure. I am told that the separation actually saves us money, in other words—it could have actually cost us less money to do it that way.

Admiral EARNER. I think economic costs, it will cost us less. It is certainly going to be a lot less disruptive. It saves the pay situation where if you RIF somebody, he goes to the next lower level job, gets the pay of the higher level job, bumps the next person down, who gets the pay of that higher level job. Sometimes it goes through six of those iterations in a complex place like an air depot, and using the voluntary bonus eliminates all that.

It is a preferable way to go, but it does phase the costs different for us. It moves a lot of costs up front that would normally happen after the fact of a reduction in force.

Mr. DICKS. Do the rest of you agree with that?

General THOMPSON. The Army would agree.

General BUNGER. Yes, I would agree.

General STEWART. Yes, sir.

Mr. DICKS. It is better to do the voluntary separations with incentives than RIFs which cause all kinds of personnel problems?

General STEWART. Yes, sir.

Admiral EARNER. We have \$100 million in the 1994 budget as an estimate of how much would be needed. There was a small amount of money for RIFs in the 1993 budget as an estimate of how much might be needed. When in fact the administration chose to allow a wide use of the voluntary exit bonus and that authority went out to the field and people were asked to vote with their feet. We came back with an aggregate requirement of \$173 million in the Navy.

Mr. DICKS. Is that just for the Navy?

Admiral EARNER. Just for the Navy, yes, sir.

Mr. DICKS. What about the other services? Do you know what your numbers are?

General THOMPSON. The Army requirement for 1993 is \$80.7 million. That allows us to get at this point an authorization of 13,381 voluntary departures.

Mr. DICKS. Is this military and civilians?

General THOMPSON. This is only civilians.

Mr. DICKS. Just civilians you are talking about.

General THOMPSON. Yes, sir. Of course you know in the military pay appropriations, they are doing the same sort of things.

Mr. DICKS. For military personnel. What are the Air Force numbers?

General BUNGER. In 1993, our biggest round-out in force had to do with the Air Force Materiel Command. Our goal was to incentivize about 9,000 people to avoid a RIF, and we had takers of over 6,000 of those. Again our goal was to get the employees separated about midyear, and then the pay that we saved for the second half of the year was almost enough to pay the incentive pay. So, by the end of the year, it looks like we might be \$10 million to \$20 million short as far as making all the incentive pays.

Mr. DICKS. Are the Marine Corps numbers incorporated in the Navy numbers?

General STEWART. Sir, they would be, but we have such a large military to civilian ratio, we have hardly any civilians, and we are not going to have—

Mr. DICKS. So it is not a big factor for you?

General STEWART. We are not going to need a RIF. We are not considering that.

Mr. DICKS. Good. So how are you going to get this money? Does this come out of the old DBOF?

Admiral EARNER. Sir, we put it on the omnibus reprogramming request.

General THOMPSON. In the case of the, not in the omnibus per se, but we have a request into OSD for a total of \$80.7 million for 1993. I said a minute ago 13,300. That is the top level we are authorized. So far we have 7940 civilians that we would pay for. We don't have the money, just as the Air Force and the Navy said.

Mr. DICKS. It is going to be in the reprogramming that we will have a chance to approve that funding.

Mr. Skeen.

FUNDING PRIORITIES

Mr. SKEEN. Thank you, Mr. Chairman.

Just one question I have in my observation of listening to this thing, it is dollars against dollars, and where along the line do you realize that you have to sacrifice readiness and training for retention of personnel? And, how do you make the decision about where you are going to spend the dollars?

General BUNGER. Well, sir, as I said, it is a balancing objective. When it all boils down to the bottom line, you have the choice of reducing force structure, that means airplanes, that means people, that means missiles or do you keep those airplanes, keep the missiles, keep the bases, and try to cut back on O&M and OPTEMPO.

Our Chief has made the statement, I think, before this Committee that O&M and readiness is his number one priority, so he and the Secretary and the DOD went along with the idea to reduce force structure and keep O&M and training OPTEMPO in balance, and that is what we have tried to do in 1994. There are some areas as my other colleagues have stated, depot maintenance being one, where we kind of push the envelope a bit.

That is something that we can defer for a while, but our objective is to make the hard decisions, reduce force structure, reduce overhead, and keep OPTEMPO at a relatively stable level.

Mr. SKEEN. We seem to be forcing those decisions on you. I don't envy you your job. We have two branches of service here that are very equipment oriented, two branches that are very much personnel oriented, and so it is a juggling job, and I am really concerned about the operations, training and readiness if we are going to have a smaller force.

You have spoken earlier about the reductions in civilian personnel. Well, that is one area that you can rob from for a while, but I don't know how far you can take that. It is just interesting to me where you make that decision, and it is a crisis decision because you have to maintain a strong force. If we are going to have a ready force, you have got to maintain and you have to have the equipment and you have to have the personnel, the training and the rest of it.

I just wonder how far down we can push this thing and how delicate that decision is for you.

Admiral EARNER. Sir, we recognize if we are going to be ready with much reduced resources, we can't operate probably as many platforms. Those that we do operate have to be very capable, so in our budget submission we have reduced some of our force structure with taking some older ships and some older aircraft series out of production. Also we recognize that we can't operate a much leaner force with an infrastructure that was sized to a much larger force, and we are working on that issue, too. I just think those are all tough things to do. At the same time, we are also taking some out of people.

Of all of the major areas where we would allocate resources in the Department of the Navy, we have taken the least cuts from operation and maintenance, and yet those cuts are still being felt.

Those are not cuts that we take with great ease. We don't like to have anything in the ship backlog, and we like to have very little in the aircraft backlog.

Mr. SKEEN. It is a little scary when you get big backlogs in maintenance, particularly when you are so equipment oriented as you are in the Navy and the Air Force.

Admiral EARNER. We have in years gone by, many years gone by, unfortunately been in a situation where we did bow wave stuff out in the future, that is what they call it, a nautical term. We bow wave it up, and when we came out we broke on it somewhere. We don't want that to happen, so we are very worried about it.

We are trying to shrink down in a measured way by reducing, taking more reductions in the area of force structure, weighing it on its military value, and then reducing the infrastructure and trying to hold on as well, the people we hold on to and make them—furnish them well and train them well and keep them ready. That is what we are trying to do.

Mr. SKEEN. Anybody else want to comment?

General THOMPSON. In the Army I would say that your observation about the people is a very important observation. We are coming down in the last 2 years, fiscal year 1992 to 1994, we are coming down 32 percent in our dollars, our force has declined from 611,000 to 540,000 and that is only a 12 percent reduction, compared to a 32 percent program reduction.

When you have the dollars coming out faster than the people and you have a people oriented service, you have some severe challenges in maintaining the balance, the fragile balance that we have talked about, so we share those same sorts of problems but from a different perspective. We have done I think some pretty good work to try to resolve some of those problems.

One of the things that we have already done is we have already taken four divisions and one corps out of our force structure. We intend to take two more divisions out by the end of 1994, to sort of get at those challenges that you are referring to; and at the same time, of course, we want to stay as trained and ready as we possibly can, so we are fully funding our OPTEMPO requirements as we know them right now. On top of that we have a lot of turbulence in that we are moving a lot of people out of overseas locations, primarily Europe. I think that it is a good news story that we have been able to stay as trained and ready as we have been able to stay, given all the turbulence that has gone on as represented in those numbers that I just recited for you.

Mr. SKEEN. It is a tremendous balancing act.

General STEWART. I just wanted to say of course we are probably more of a people organization than the Army is, and one of our problems is the requirements for Marines continues to increase, and in order for us to meet all those requirements, we are heading to a force structure level where it is going to be very difficult for us, and our OPTEMPO is increasing.

Mr. SKEEN. That is my concern.

General STEWART. Yes, sir. Now where we end up taking our money all the time is from two places, and that is equipment maintenance and base maintenance, maintenance of real property, and

that is why you see those numbers like Mr. McDade mentioned where our equipment maintenance backlogs grow and then also our base maintenance, our maintenance of real property grows, and of course when that grows, what may cost \$25 today is probably going to cost, you know, \$200 a month from now, so it is a concern.

SPARE PARTS SHORTFALLS

Mr. SKEEN. In connection with the Marine Corps, are you having trouble with the spare parts for your helicopters?

General STEWART. We are, yes, sir. All of our helicopters are below the threshold of—

Mr. SKEEN. They are that far down?

General STEWART. Of things we would like to have, yes, sir. That is not a money problem, sir. That is—

Mr. SKEEN. What is the problem?

General STEWART. It is not a situation where you are not submitting a request for repair parts because you can't afford it. I think it is just an availability problem. I think it is perhaps a beginning of this DBOF problem where you are only allowed to invest—the buyers for these parts are only allowed to invest 65 cents on every dollar that they take in, and I think as the inventory for these critical items start to drawdown, those parts are not going to be available when we need them.

Mr. SKEEN. They are not manufactured or they are not being supplied or—

Admiral EARNER. Could I add to that?

Mr. SKEEN. Yes, sir.

Admiral EARNER. Since the air depots support both Navy and Marine aircraft, two of the Marine Corps aircraft are very complicated, and one of those complicated ones is very old. CH-53s are very complicated, and CH-46 are complicated and old. The CH-53, the contractor is unable to keep up with the orders that are being placed in front of him.

Mr. SKEEN. That is what I am getting at.

Admiral EARNER. It is not for lack of money or paying the contractor. It is just that the parts that are failing are very, very complicated parts, and the aircraft were accelerated in their introduction into the force earlier than the materiel support date could support some years ago in 1991, and we are catching up on that aspect. So the catch up of the materiel support and the fact that the contractor, the manufacturer is having a hard time keeping up with the demand for some parts, and when parts like that are—very complicated parts go up in demand, Naval air engineers have to get in and find out an engineering change to the part, so that we don't get the failure rates.

Mr. SKEEN. So you have to redesign the whole system or part of the system?

Admiral EARNER. Part of it. It looks like redesign is part of it. In the CH-46, it is very old and pieces are failing now which were never intended to fail because the airplane wasn't intended to fly that long; but, it is doing it pretty well.

There is a dynamic component upgrade program for the CH-46 which is funded in 1994 for \$56 million, and it is planned to be funded for that much or slightly more for the following three years. Those kits have been—the demonstration kits have been manufactured, the initial kits will be built and be available in late 1994 for complete renovation of the major dynamic components. That is the rotor head, the tail transmission, the transmission.

Mr. SKEEN. Gear train?

Admiral EARNER. Gear train which have had an abnormal failure rate and a lot of work has been done on that.

Mr. SKEEN. That is one of the hardware parts.

Admiral EARNER. So it is not just—it is not a “throw money at it” situation as much as it is an engineering situation.

Mr. SKEEN. It is not availability?

Admiral EARNER. We are working—

Mr. SKEEN. You have outlived your parts suppliers?

Admiral EARNER. Yes, sir, we have, and then it takes 15 months to build the kits. We have the kits on order for the first order funded in 1993, and then there is money in 1994 to fund the second iteration of the kits.

The kits contract has already been let, kits are being built. It takes 15 to 18 months to build the first order of kits, and whatever they have to do to make them acceptable.

WAR RESERVE STOCKS

Mr. SKEEN. Do each of you—each branch of the service—think you have an adequate amount of the spare and repair parts in your war reserve?

Admiral EARNER. War reserve, as far as the Department of the Navy is concerned, yes, the policy that ties our war reserve requirements to defense planning guidance, and we have to make sure that we fund the war reserve and maintain it before we fund other things.

Mr. SKEEN. But that comes off the top?

Admiral EARNER. Yes, sir.

General THOMPSON. In the Army we have taken a couple of initiatives to try to streamline our stockage visibility. We have just recently decided that the Army will centrally manage all the war reserves, Army parts in the war reserves. This function previously was done by the CINCs. Army Materiel Command will take charge of it and take a look at what is, in fact, in the war reserves. We will go from 19 piles of stock scattered about the world to four piles of stocks.

It is a long-term effort. We are not fully funded for it, but we think that we are taking the right step to get exactly where we need to be as we come down in terms of our wartime requirements—Cold War vis-a-vis two military major regional contingencies—the new military strategy that we are going to.

Mr. SKEEN. How about the Air Force?

General BUNGER. Sir, for war readiness, our computer models show that we are capable of supporting our fighter forces at 90 percent of their wartime sortie rates. I mentioned before the spotty problems with C-141, the C-5, some of that is based on availability

of parts and again some of it is because of so much work at one time, and we do have temporary shortages in——

Mr. SKEEN. I don't think you have had much time to even repair them, have you?

General BUNGER. No, sir, we haven't. They have been very busy.

Mr. SKEEN. They have kept them on the griddle.

General BUNGER. That is true. We have temporary shortages, spot shortages in the new and modified equipment. Parts haven't caught up with the equipment yet, but I guess one thing I would like to ask here is the committee's support in giving the department a little bit of flexibility on this obligation to sales ratio that my colleague on the left asked for because when you buy only 65 percent of your sales and your sales are every day equipment that the wing commanders are needing to fix airplanes, you are going to start having problems.

In the Air Force, if we have a problem in peacetime operating stock we will temporarily go to the war reserve, so ultimately if we are not able to resupply ourselves, then you will definitely see an eventual impact on war reserves.

Mr. SKEEN. One of the reasons I asked the question was because I wanted to determine just how much flexibility you have in this funding mechanism to take care of the contingencies such as repairs, parts, and things like that versus the personnel, and I appreciate the response.

General BUNGER. Thank you, sir.

Mr. SKEEN. Let me ask General Stewart.

General STEWART. War reserves, sir, of course, we are a customer. We don't for the most part keep a whole lot of supplies, but we do have a war reserve requirement of repair parts, and we are in pretty good shape. We have over 90 percent of war time requirements. So, we are doing okay in that regard.

Mr. SKEEN. But you do have enough flexibility between those reserves to keep yourself in good operating condition?

General STEWART. We are concerned that the 65-percent rule because we could, as things go on, we could end up using that war reserve to maintain our equipment and then we wouldn't be able to buy it back again.

Mr. SKEEN. I understand. Thank you for your responses.

Thank you, Mr. Chairman.

Mr. Darden.

ROTC SCHOLARSHIPS

Mr. DARDEN. Thank you, Mr. Skeen, I appreciate it.

Gentlemen, I think, as you have probably noticed, this Committee is about to come to an abrupt halt due to circumstances beyond our control. I did have one brief area of inquiry I wanted to mention with you, but first of all I need to determine does the senior ROTC program come within your purview of operations?

I have had discussions with the chairman as well as a number of colleagues about ROTC scholarships, senior ROTC scholarships. I am considering, I have not done it yet, and before I do I wanted to get some input from you in terms of statistics and information, a proposal which would limit the amount of the senior ROTC schol-

arship to the cost of both tuition and housing and general expenses associated with the cost of the public university in a given state which had the highest cost.

For example, in California, I assume it would be Berkeley, and if someone went to Stanford, the cost would be borne by the individual. This is frankly in the talking stages now, and I realize the value of the ROTC program. I have no desire to take any action or promote any action which might be detrimental to it, but I would be interested in your thoughts and your comments as well as some statistics available.

For example, it would appear that if we did make that limitation, and I am not sure whether you would do it on an appropriations bill or on an authorization bill, how many more scholarships would be available? I think the number would be drastically increased. At the same time, I realize there are some intangible factors as well to be taken into consideration, so I am really not concerned about having a total hearing and rehashing on the issue right now, but I would like some data from you as to the number of scholarships, whether they went to private colleges as opposed to public colleges and universities, some thoughts from your various branches of service on how this would impact the program, and before adding report language, I would just like to have this information from you as well as any thoughts and comments you might have.

Do you all understand what I am saying and what the concept is? Does anybody want to offer any thoughts off the top of your head or would you like to look into it and get back with me? It is not a matter of immediate concern to me, but it is something that I am concerned about and I would like to look at, and I would at least like to explore that area.

General THOMPSON. I would just make one comment and say that I would do the rest for the record if it is all right with you, sir.

One of the things we have done is close a number of ROTC detachments, senior ROTC detachments, as a result of reduced requirements for officers in a downsized Army. As we look at your initiative we need to look at how that meshes with the trend lines as they are coming down to make sure that there is a proper balance there.

I would be glad to provide more for the record.

[The information follows:]

ROTC scholarships can pay for tuition, fees, books and equipment. There is no authorization to pay for room, board, or other expenses.

In FY 1993 there are 3,334 scholarship cadets at state schools who are residents of that state at an average cost to the Army of \$3,282 per year. There are 1,304 scholarship cadets at state schools who are residents of another state at an average cost to the Army of \$6,997 per year. And there are 4,012 scholarship cadets at private schools at an average cost to the Army of \$10,473 per year. The average cost of a scholarship is approximately \$7,200 per year.

By design the Army ROTC program attracts cadets from all backgrounds and sections of the country. The Army wants and needs lieutenants trained at more costly private schools as well as at less expensive state schools.

A program that reduces the financial assistance to students at the more expensive colleges and universities could prove to be counterproductive. Cadets who attend prestigious private schools must have demonstrated the highest academic and leadership potential to gain admission. For example, this year's four year scholarship winners have an average SAT score of 1285. Most of them are National Merit Schol-

ars and are very competitive for other scholarships. Reducing financial assistance would invariably discourage their enrollment in ROTC.

Admiral EARNER. If I could follow the general's lead and provide most of your data for the record, but I would like to offer that I see merit in what you are suggesting. The Navy needs a number of engineers, and the engineering schools are—we look to engineering schools for a good percentage of our ROTC scholarships, and we would like to have access to a small number of scholarships at least at fine engineering schools be made available to those people that we think would make the Navy a career because we still do have a nuclear submarine force and a high-tech force at sea that needs those kinds of folks and engineering schools cost a lot.

Mr. DARDEN. Sure. Could your data perhaps include any empirical information you might have about who is in the Navy doing what from where as well. That might be helpful to us.

Admiral EARNER. Yes, sir.

[The information follows:]

Presently ROTC scholarships are applied to the cost of tuition, books and fees. A \$100/month stipend is also paid to scholarship students for 10 months. Room and Board are not covered.

The change in policy to extend scholarship funding to Room and Board would probably have a positive impact on ROTC program recruiting for those students wishing to attend an NROTC unit at a state school. The change in policy could adversely impact incoming student academic quality (as measured by SAT score or class rank) as these students would be accepting better offers to attend expensive schools. Experience will show that the most competitive students shop for scholarships with an eye toward attending the most expensive schools. It is difficult to forecast the net impact of the proposed policy change. It might however be interesting to offer the proposed scholarship as an option for an evaluation period of 3 to 4 years to evaluate its impact on the current program.

There are states where there are no NROTC units at public schools (Massachusetts and Vermont). Under the proposed policy, students in these states would either have to move to another state (Matriculate at higher cost out-of-state tuition rates) or pay the difference to attend MIT, Holy Cross, BU, etc. to stay in state. There is also the chance that we would lose the student to other scholarship programs. This could adversely impact the ability of the NROTC program to meet assigned goals for technical majors.

The use of a scholarship capping paradigm which does not recognize the contributions of an institution to important service specific goals is not recommended without further study and data to support such an option. Some NROTC units at expensive schools render a contribution to Navy goals which is commensurate with their cost. The proposed policy could adversely impact NROTC units at schools like Notre Dame, RPI, and MIT. History will show that almost about 20 percent of the officers who successfully screen for nuclear power come from these 3 schools (about 5 percent of the schools). It is likely that the proposed change in policy would adversely impact student enrollments at these school with a concomitant degradation of program performance against goals. There are, however, expensive schools which are not making a contribution to service related goals in a manner which justifies the cost. What is needed is a mechanism to selectively prune high cost, highly attended, but low performing schools from the program. This would free up resources to increase scholarships at the many premier public institutions which comprise the "heart" of the NROTC program.

Total scholarships currently allocated to public colleges and universities are 2,375.

Total scholarships currently allocated to private colleges and universities are 2,153.

Mr. DARDEN. It is hard to imagine a college or university engineering school more capable than Georgia Tech, but still, if there are those schools, I would like to know about them.

Admiral EARNER. Carnegie Mellon is another one.

General BUNGER. Sir, I would like to let our educators provide you a response on that.

Mr. DARDEN. There is no immediacy here.

[The information follows:]

There are many high quality engineering schools in the Nation. Assessing the quality of a particular school is not within the scope of the Department of Defense or the Air Force. However, the American Association of Engineering Society (AAES), located in Washington, D.C., rates schools and will be able to provide information on the quality of the Nation's engineering schools.

Mr. DARDEN. General Stewart.

General STEWART. Sir, I think it is an initiative that is clearly worth looking at. I don't know enough about it to be able to say anything more now. We would certainly provide the answers you are looking for.

Mr. DARDEN. Again, my feet aren't set in concrete, but I would just like to have the data and the information and then we could look at it, and if it doesn't work, then it doesn't work, but we are constantly looking for ways around here to squeeze a little more out of a dollar, and especially in the particular climate that we are in we are always looking for different ways to use our funds better. With that, that is all I have, Mr. Chairman.

Mr. VISCLOSKY. Mr. McDade.

PRESIDIO OF SAN FRANCISCO

Mr. McDADE. A very good engineering school, by the way. The Chairman had to be at a meeting, and that is the reason he is absent right this second, but I wanted, General Thompson, to bring to you an item that has great urgency to him.

As you know, the Committee in the fiscal year 1993 bill and the report provided the necessary funding for repair and maintenance of the Presidio, and it is a matter of urgency to the Chairman. Do you see any problems with carrying out the directions in the 1993 bill insofar as the Presidio is concerned?

General THOMPSON. The language in the Appropriations bill of course asks us to provide \$14 million to the Department of Interior, and we did that as quickly as we received our appropriation so that part of it has been taken care of.

The next part of the requirement is a \$27 million requirement that is a different color of money. It is not O&M money per se; it is DOD RPM money. As you are aware I think, we get some monies from the defense stockpile sales, and those sales provide us dollars through the course of the year.

To date, we have given \$4.36 million of DOD RPM for Presidio. Proceeds from stockpile sales will be provided for Presidio up to the \$27 million. We expect this transfer in the next few days. That will allow us to get very close to meeting the \$27 million requirement. So we are complying with the language of the appropriations bill. In fact, we are well on our way to doing that.

The last part of the issue is the intent to take care of the O&M piece, of monies which shows up as \$22.3 million in the conference report. We have spent a lot of time here today talking about the fragile balance that we have and the affordability problems that we have. Our intent is to try to attack that \$22.3 million as a part

of the overall package. We are not there yet. We know what the intent is and we will look forward to trying to do that.

Mr. McDADE. That is fine. Make sure you keep the Chairman informed as you go along. I have no further questions. Thank you.

REAL PROPERTY MAINTENANCE

Mr. VISCLOSKY. I just have a few more questions.

Mr. McDade touched on the Presidio. My understanding is that the request for real property maintenance for the coming fiscal year is \$3.9 billion, but the backlog for fiscal year 1994 is \$14 billion.

General THOMPSON. For the Presidio, sir?

Mr. VISCLOSKY. No, not the Presidio, but in terms of real property maintenance. Could you tell me how that \$14 billion in backlog is split? Is it fairly proportional, is it disproportional among the services?

General BUNGER. For 1994 ours is about \$2.4 billion, sir. It is growing, but again that is a balancing act. It is something that we can defer. You can't continually defer it, but with all the activity going on in merging bases, rearranging bases, closing bases, that is something that we have decided to defer.

You never fund your backlog to make repairs. If you funded every project that the base commanders wanted funded, it would be even bigger than we have got here, but we feel there is a proper balance, we try to schedule the most urgent people readiness projects first and defer the ones that can be deferred.

Mr. VISCLOSKY. What is your system for prioritization? Is it living quarters?

General BUNGER. Our facilities have different categories of priority from living to mission readiness, and each wing commander sends in his list, and that list is reviewed by the major air command commanders, and then we abide by that wing commander's judgment for the most part.

If we have a command-wide problem that needs to be addressed, living quarters, dining halls, then we might have a command-wide program, but generally speaking we go by the wing commander's priority requests.

Mr. VISCLOSKY. Your \$2.4 billion is an increase from 1993?

General BUNGER. Yes, sir.

General STEWART. Sir, ours is \$771 million in fiscal year 1994, which is a lot. Of course it is not only that that is high, but that it almost doubled because it was \$490 million in fiscal year 1992. So, it has gone up rather rapidly.

We prioritize in the field the same as the Air Force does, and then based on a funding threshold if the requirement is a higher dollar value, then it comes back to the headquarters for funding, but we put things for the troops on the top of the list, barracks, recreational, that type of thing.

Mr. VISCLOSKY. That is a 100 percent increase in two fiscal years.

General STEWART. Yes, sir.

Mr. VISCLOSKY. The \$2.4 billion for the Air Force, how has that proportionally increased over two years?

General BUNGER. Fiscal year 1993 is about \$2.1 billion.

General THOMPSON. In the Army, we are funded at 37 percent of our total RPM requirements for the fiscal year 1994 budget, and our increase in the backlog is 78 percent in the last 2 years.

Mr. VISCLOSKY. General, what is your figure for 1994?

General THOMPSON. My backlog figure, or my total figure, is \$4.8 billion in the OMA appropriation. I have a little more in the family housing side which drives it up into a total of \$5.6 billion including another appropriation, but it is a serious problem that, as we stated, our commanders deal with primarily in the field, and those things have to be brought up to the Army level in terms of getting high priority. That happens, but the soldier and the family programs on the installation are the ones we try to take care of first.

Mr. VISCLOSKY. For the Navy?

Admiral EARNER. For the department, for the Navy, the Marines have their own. For the Navy there is a \$3.3 billion backlog of maintenance repair called BMAR for 1994.

I will have to get you the number for 1993. It has gone up some for 1994, but for the Navy it has been high for a long time.

In addition, there is a \$103.5 million backlog for Navy O&M Reserve. We have a regular process of looking through this, trying to pick up those projects which affect mission readiness or personnel safety, and we have a specific program called our shore facility life extension program which we are trying to do some repairs, those repairs we can. So that they will last longer than perhaps they have in the past so we can try to make this backlog curve at least slow down in its slope.

We have a lot of facilities. Some of them are very old, and the actual number of engineered projects which need to be done get very high. We have set aside in the 1994 budget \$100 million specifically to address major repair projects in bachelor-enlisted quarters, and we have set aside \$30 million we have requested for the replacement of bachelor-enlisted quarter furniture, two areas in quality of life which frequently get a lot of criticism and which we would like to take care of the people we have, but the number is very high.

[The information follows:]

The backlog of maintenance and repair for the Navy Family Housing program is \$2.4 billion in FY 1993. The backlog of maintenance and repair for the Navy Bachelor Quarters program is \$470 million in FY 1993.

Mr. VISCLOSKY. So that \$130 million would be over and above normal expenditure for the Navy?

Admiral EARNER. It would be above what the Navy has normally put into this kind of thing in the past, a deliberate extra amount.

ROTC PROJECT

Mr. VISCLOSKY. The final question I have, General, on the Army ROTC program is that the Committee had an earmark last year for \$750,000 for a project at Indiana University Northwest in Gary, Indiana. The project was focused on developing linkages between the junior ROTC programs in the Gary community, post secondary institutions in the Army ROTC.

Indiana University has done a lot of work on the attraction and retention of minority students, particularly in the African-Ameri-

can community and feels there is a very strong linkage between the military programs and ROTC.

Can you tell me what the status of that program is from the Army's perspective?

General THOMPSON. Yes, I can. We are, I think, probably as interested in pursuing this line of improvement, this kind of initiative as we can from a very macro point of view across the Army. We are increasing our budget this year in the junior ROTC program to expand the number of junior ROTC stations from 1091 up to 1260, so we are very, very interested in enhancing that same goal or objective that this pilot program or this initiative would do.

We have had some difficulties in determining the best legal way to apply those funds so that we comply with the law. I think we have a great opportunity here to look at some new creative ways of going about this, and perhaps to take advantage of at some opportunities. I know that our folks have talked to the folks at the university. I know that we are anxious to get on with it, and I think we can.

Mr. VISCLOSKY. In terms of the legal impediments, is there anything that the Committee should be aware of or acting on?

General THOMPSON. Well, I probably need to report back to you on that, but I think the real problem was with the way that the program was couched in the language, that it didn't give us, as our counsel saw it, a legal opportunity to apply the funds, and, as a matter of fact, they are trying right now to draft up a change that will give us the legal option—the legal capability I guess I should say, not option—to use that money.

[The information follows:]

Army personnel have been working with Committee staff members on resolving the legal issues with this project. Army legal counsel has prepared proposed legislation which will be presented to the Committee in June 1993.

Mr. VISCLOSKY. My understanding is it is a three-year program at the university. We want to work with you on the language. We have seen the passage of almost nine months now in the fiscal year, and are very eager to get this done.

General THOMPSON. I understand. I think we are anxious to work with you on that.

Mr. VISCLOSKY. Gentlemen, thank you very much. There will be additional questions for the record. The Committee will adjourn until 10:00 a.m. tomorrow.

[CLERK'S NOTE.—Questions submitted by Mr. Young and the answers thereto follow:]

Question. Gentlemen, we still hear a lot about peace dividends and our ability to meet our national defense requirements with smaller forces, but every time I read the papers we still seem to be doing an awful lot and some of the things we are doing are fairly sizable efforts that we were not involved in 5 to 10 years ago. Could I ask you to comment on your present levels of OPTEMPO versus the levels experienced over the last ten years? I'm not talking about the Desert Storm period. I know that was a heavy load for everybody. I'm interested in whether we are in reality trying to do a lot more with a lot less.

Army Answer. The Army has maintained a consistent level of training over the last ten years. Since 1989, the OPTEMPO program has been maintained at 800 miles. From 1984 through 1988 the OPTEMPO program averaged over 800 miles with the exception of a one year low of 725 in 1988.

Navy Answer. Present levels of ship OPTEMPO and Flying Hour Program Primary Mission Readiness (PMR) are above normal deployed budgeted levels due to ongoing contingency operations such as Operation Restore Hope and Southern Watch. This is consistent with our experience over the last decade, where, with the exception of 1986, deployed operations have exceeded budgeted levels. This has been caused primarily by various contingency operations that have evolved in response to world situations. For the most part, we have received additional funding through supplemental appropriations and reprogramming actions. With this additional funding and careful management of the forces within prescribed PERSTEMPO goals, we have been able to keep pace with world situations despite declining resources. However, if forces continue to decline without a commensurate reduction in commitments, it will eventual lead to busted PERSTEMPO goals and morale problems. Hence, the era of doing more with less may not be possible in the future.

Marine Corps Answer. The Marine Corps has consistently viewed OPTEMPO as the time spent away from home station and families by individual Marines and their units. Forward presence requirements established by the regional Commander in Chief's (CINC's) have increased over the past ten years, particularly in the Central Command. These requirements are met by Marine units forward deployed and forward based (without dependents) in Japan, or embarked aboard Navy ships. Marine Expeditionary Units (Special Operations Capable) [MEU (SOC)] or lesser capable Special Purpose Marine Air Ground Task Forces (SPMAGTF) are continuously deployed. Our MEU (SOC)'s are presently located in the Mediterranean, the Arabian Gulf, and in the Western Pacific throughout the year. Besides our regularly scheduled deployments in support of CINC requirements, we have SPMAGTFs deployed at various locations elsewhere. For instance, we presently have a SPMAGTF embarked aboard the USS THEODORE ROOSEVELT for operations in the Adriatic.

Regularly scheduled and anticipated commitments can be programmed and budgeted. However, we live in a fractious world where U.S. interests require the flexibility to provide unscheduled responses to crises. Contingency requirements such as Somalia, Hurricane Andrew Relief, Civil Disturbance Operations, etc., further exacerbate the OPTEMPO problem.

The specific answer to your question is, "yes," fewer Marines are doing more. The continued downsizing of Marine Corps end-strength requires a corresponding reduction in the number of Marine units. Consequently, there are less infantry battalions/helicopter squadrons available to train and deploy in support of CINC requirements.

Our continuous and careful evaluation of current requirements, and the ability a 177,000 Marine Corps to meet them, consistently indicate that such a force would serve with a 48 percent OP-TEMPO. This does not include unprogrammed operations neces-

sary to respond to crises. Obviously, a smaller force structure increases the OPTEMPO. As OPTEMPO increases, readiness suffers. Indicators such as mid-career retention, morale, equipment maintenance, and training opportunities reflect decreases. A 177,000 active duty Marine Corps will barely provide an adequate force structure base to meet our nation's minimal requirement for Naval forces in support of forward presence and crisis response.

Air Force Answer. The attached chart depicts Air Force OPTEMPO over the last ten years in terms of average hours flown per aircrew per month. With the exception of those periods when we were involved with Desert Shield/Storm, OPTEMPO has remained relatively constant. Minor variations are attributable to differences in force mix and changes in roles and missions.

HOURS PER CREW PER MONTH (HCM) FY83-FY93

	Fiscal year 83	Fiscal year 84	Fiscal year 85	Fiscal year 86	Fiscal year 87	Fiscal year 88	Fiscal year 89	Fiscal year 90	Fiscal year 91	Fiscal year 92	Fiscal year 93
Fighter	18.1	18.5	19.0	18.8	19.6	18.8	19.3	19.5	22.0	20.0	19.9
Airlift	28.8	29.2	30.0	29.6	29.6	29.9	31.0	33.2	57.1	29.1	26.3
Bomber/tanker	18.4	18.2	18.2	17.2	17.8	17.2	18.2	19.3	23.5	17.9	18.3

HOLLOW FORCES

Question. How about Hollow Force concerns? Are you having to shortcut training or deplete ammunition and spares stocks below comfortable levels?

Army Answer: While current OPTEMPO funding levels meet training requirements, shortfalls in other programs which affect readiness are having a negative impact on training. Army training and readiness are totally dependent on adequate overall OMA funding. Readiness depends on the ancillary, or supporting resources that make overall training possible i.e., adequate training facilities, schoolhouse instruction, OPTEMPO, and installation support functions (utilities, waste removal, etc.). Shortfalls have forced commanders to shift training funds to cover contingencies (Somalia, etc) and other fact of life requirements. Additionally, readiness is negatively impacted when soldiers are diverted from training to perform installation support functions due to lack of resources in these areas. Optimal readiness is achieved only when training and the day to day operation and maintenance requirements are adequately resourced to ensure the Army has the ability to achieve the goals established in the National Military Strategy.

Navy Answer: Neither training, spares stocks, nor WPN funded ammunition have been cut below minimum levels. Ammunition is funded to requirements consistent with force structure reductions. Spares support within the DBOF-Navy is also adequately funded to buy-in the required spares that will be bought out by O&M. The O&M account is funded to support the spares requirement for the programmed level of OPTEMPO. While we have made reductions to training, the reductions are commensurate with reduced force levels. Several studies are ongoing in the Department to ensure the

future training establishment is sized to meet the force structure which continues to decline while it increases in complexity.

Marine Corps Answer: To stay within funding constraints and maintain the most relevant capabilities, adjustments are being made to economize institutional training through consolidation of schools and streamlining formal courses of instruction. For example, Motor Transport and Personnel Administrative Schools were consolidated. Also, cost efficiencies have been identified in combat related training programs which will not sacrifice effectiveness. For example, reduction in forming and administrative time at the Recruit Depots. However, any additional "fair share" reductions may necessitate the elimination of training which will impact on combat readiness.

Continued funding at the FY 1994 level will make it difficult to maintain 45 Days of Ammunition (DOA) sustainability level for war reserve requirements. Based on resource constraints during the past two years, sustainability requirements were reduced from 60 to 45 DOA. This war reserve reduction combined with force structure drawdowns produced a short term excess in some rounds that allows us to train without replacing ammo. However, in the future, high use/high value items will experience training restrictions in order to conserve assets for the war reserve. Additionally, modernization efforts to replace older versions will be prolonged to conserve constrained resources to meet training requirements first. Again, this is predicated on future funding levels remaining at or near the FY 1994 level. High use/high value items which would experience training restrictions would be: Mortars, 25mm ammunition, 40mm linked ammunition, missiles and the 120mm Tank ammunition.

Since May 1990, major efforts have been underway to develop policy and managerial improvements. Marines at all levels are being instructed to seek better, smarter, and more efficient ways of doing business. We have taken steps to intensify stockage criteria for spares by promulgating new policy significantly reducing operating inventory, safety stocks, and retention of retail stockage levels. Decreases in these levels translate into inventory investment savings.

The Marine Corps inventory of secondary items is less than one percent of the Defense Department's total. Even so, I can assure you that our efforts to manage inventories smarter are diligently ongoing, and that identification and elimination of unrequired inventory assets continues to be a most important goal. Our current objective is to match inventory levels with force structure/size, mission, and readiness. To date, reduced retail requirement levels have not had a detrimental impact on Marine Corps readiness.

Air Force Answer: No. Our training program is healthy, and is in fact projected to increase. With the exception of some problems with C-141/C-5 spares, we have sufficient spares and munitions available today to maintain planned training and equipment readiness levels through FY 1994. However, we are concerned about the downstream impact of the 65 percent DBOF obligations to sales ratios on future spares availability, equipment readiness, and training. If this restriction continues through FY 1994, we forecast a 6 percent reduction in aircraft Mission Capable rates in FY 1995 due

to spares shortages. We need your support to remove this restriction and allow us to buy the level of inventory needed to support the planned force structure and training levels.

MPS REPLENISHMENT

Question. I have been briefed that the Marines off loaded a great deal of their MPS stocks for Operation Desert Storm. Could you tell me how our replenishment efforts for these stocks is progressing? Is it an adequately funded program?

Answer. Immediately after Operation Desert Storm, we commenced the MPF Maintenance Cycle-3 in November 91 with Squadron One. At this point in time, we have completed the entire first squadron and are presently working on the last vessel of the second squadron with a completion date of June.

The third squadron is scheduled to enter the maintenance cycle in July and finish during April, 1994. Up to this point, we have been able to use, to the maximum extent possible, the supplemental monies received from Desert Storm.

This has paid great dividends and has enabled us to continue to validate the MPF concept in disaster relief/humanitarian missions with Somalia being the most current employment of MPF. However, at the start of FY 1994, we will find ourselves approximately \$31 million short to complete maintenance, replacement/refurbishment on the last three vessels of Squadron Three, thereby precluding full recovery from Desert Storm.

I know you are aware that MPF provides the National Command Authority and the Unified Combatant Commanders options for the rapid deployment and employment of Marine Air-Ground task forces across the entire operational continuum.

This deficiency presents a significant negative impact and degradation of the Marine Corps' ability to maintain the MPF program in a high state of readiness.

[CLERK'S NOTE.—End of questions submitted by Mr. Young. Questions submitted by Mr. Livingston and the answers thereto follow:]

PHOTOGRAMMETRY

Question. What action has the Navy taken to acquire close range photogrammetric services from private firms during fiscal years 1992 and 1993?

Answer. As established in the 12 February 1993 Navy report in response to HRpt 102-1015 (see question 13 below and attached copy of the report), photogrammetry supports a "core logistics function" under 10 U.S.C. 2464. Therefore, contracting out for photogrammetric services is excepted by law, and in-house performance capability is justified and authorized for U.S. Navy ship depot maintenance applications in naval shipyards. Consequently, action to acquire photogrammetric services from private firms is not applicable.

It is important to recognize that photogrammetry is a technology tool. Naval shipyards are applying this technology to improve performance of ship depot maintenance core functions/processes, such as measurement triangulation, historically accomplished in-house using other less efficient and precise methods. The purchase of pho-

togrammetric equipment is analogous to naval shipyards procuring modern computer-controlled machine tools to improve performance of mission inherent metalworking functions.

Furthermore, the Fiscal year 1993 Authorization Act (Section 312) prohibits contracting out work as a result of a cost comparison study conducted under OMB Circular A-76. Therefore, the Navy is prohibited from contracting out photogrammetry work during FY-93 as a result of a cost comparison study conducted pursuant to A-76, in addition to the fact that the Navy uses photogrammetric capability to support a core logistics function.

Question. House Report 102-1015, the Conference Report to accompany H.R. 5504 making appropriations for the Department of Defense for Fiscal Year 1992, includes language regarding photogrammetry. What is the status of the report requested by this language? Please provide a report of actions taken by the Navy to comply with the language in the Fiscal Year 1993 Defense Appropriations Committee report regarding photogrammetry.

Answer. The subject report was signed by Admiral F.B. Kelso, Acting Secretary of the Navy, on February 12, 1993. The report was submitted to the Chairman, Subcommittee on Defense, Committee on Appropriations, United States Senate, and to the Chairman, Subcommittee on Defense, Committee on Appropriations, House of Representatives, with a copy to the Ranking Minority Member of each subcommittee. A copy of this report follows, and provides the requested report of actions taken by the Navy to comply with the language in the Fiscal Year 1993 Defense Appropriations Committee report regarding photogrammetry.

PHOTOGRAMMETRY REPORT

The Navy maintains that photogrammetry supports a "core logistics function" and, therefore, a cost comparison analysis is not required, contracting out is excepted, and in-house performance is justified and authorized.

Photogrammetric equipment is a technology tool, much like a state-of-the-art machine tool. Photogrammetry is the process of making precise measurements using photography. The primary tools used are a camera, film, strobe lights, targets, film developing equipment, and a computer system. Some Navy activities, specifically Naval shipyards, have or are considering purchasing this equipment to enable them to improve performance of ship depot maintenance functions performed in-house using other less efficient and precise methods. The emphasis of the Navy's initiatives using photogrammetric technology for Navy ship overhaul/repair in naval shipyards is on achieving improved quality and reduced cost through the application of available technology. The purchase of photogrammetric equipment is analogous to Naval shipyards procuring modern computer-controlled machining centers to improve performance of inherent mission metalworking functions previously performed in-house using manual lathes. Contracting out for core logistics machine shop functions is not a viable consideration.

To determine whether a product or service can be procured more economically from a commercial source, a Federal executive agency is usually required to undertake a comparison of the cost of contracting and the cost of in-house performance in accordance with the methodology provided by Office of Management and Budget Circular No. A-76 ("A-76") and its Supplement. The methodology set forth in A-76 and its Supplement is applicable to the Conference Report request that the Navy use "established public/private cost comparison techniques."

According to A-76 and its Supplement, Government performance of a commercial activity is authorized without a cost comparison where performance in-house is required for reasons of national defense. This exception is applicable to the purchase of photogrammetric equipment. According to the national defense exception, if a function is required to maintain or retain a maintenance "core" to ensure a ready and controlled source of technical competence and resources upon mobilization, then it is considered a "core logistics function" and a cost comparison is not necessary. The maintenance "core" provides the flexibility and military command and control that are considered essential for functions providing repair and maintenance of equipment or material for combat units, particularly those repair and maintenance functions expected to have sizeable and unpredictable surges in wartime and contingency situations.

Core logistics functions have been identified as including "depot level maintenance of mission-essential materiel" at the naval shipyards. A naval shipyard's primary responsibility is the overhaul, repair, and alteration of naval ships, which includes accountability for engineering decisions. An adequate number of essential trade and management skills and industrial technologies must be present at mobilization to provide integrated, coordinated, and synchronized efforts. Without these skills, the flow of work processes may be interrupted, resulting in missing or

delaying schedules. Photogrammetry is one of the technologies needed for "depot level maintenance of mission-essential materiel" at a naval shipyard.

Photogrammetry, used for measurement triangulation functions, provides technical data for engineering decisions. Technical competence and accountability for these ship overhaul engineering decisions cannot be relinquished or fragmented. Naval shipyards are required to certify that ship systems meet technical requirements. This certification can be accomplished effectively and safely only if the shipyard has control of the technical data for the decision-making process. If the shipyards have to rely on contractors to come in and do the work, they become dependent on contractors' schedules for taking photographs, developing film, and triangulating. After taking photographs on site, the contractors have to take the film back to their respective companies to read the film and triangulate the data on their equipment. The amount of time taken to read the film and produce the desired data depends upon the contractors' schedules, priorities of other customers, and necessary travel time. Once computed, the data (on magnetic tape) has to be shipped to the shipyard. Turnaround time can range from a few days to several weeks. Additionally, even when the contractors perform these photogrammetric services, a significant amount of shipyard administrative and technical support is still required.

In contrast, when a shipyard possesses the in-house capability of reading and triangulating the film, the turnaround time is subject only to the amount of time necessary for film development and drying, reading, and triangulating. Photographs that have to be retaken may be done so on demand. It is essential, therefore, that the shipyards be able to perform photogrammetry in-house so that they can meet technical requirements and adhere to the overhaul and repair schedules of the ships. Bringing photogrammetry services in-house enables the shipyards to perform the entire process within their own time schedules and at lower cost, while retaining full technical accountability for core logistics functions.

In-house capability also allows the shipyards to use photogrammetry on a wide variety of ship repair and alteration jobs that they would not have the flexibility to do with a contractor. Initially, photogrammetry was used with private sector support on selected overhaul and repair jobs for technology feasibility demonstration and efficiency/effectiveness evaluation. The initiatives of the Society of Naval Architects and Marine Engineers' ("SNAME") National Shipbuilding Research Program ("NSRP"), including demonstrated applications and benefits using in-house capability by private sector member shipyards such as Electric Boat and Newport News, have also been valuable in introducing the naval shipyards to the use of photogrammetry for shipbuilding and repair applications. Similarly, Charleston Naval Shipyard ("CNSY") has supported other naval shipyards in photogrammetric technology transfer, including consulting/advisory and production demonstration capacities. As the shipyards have become more knowledgeable and experienced with this technology, the ship overhaul and repair applications have expanded. Photogrammetry has, in essence, become a basic technology tool used to perform, as well as improve, existing shipyard processes and functions, much like a welding machine. Therefore,

photogrammetry supports the shipyard's core logistics function.

At the present time, only the CNSY and the Puget Sound Naval Shipyard ("PSNSY") possess full in-house photogrammetric capability. PSNSY acquired its equipment under a lease/purchase contract awarded in FY-92, using FY-92 appropriated funds. Other naval shipyards are preparing to procure photogrammetric equipment in the near future consistent with their mission, workload, and improvement/investment strategy. Norfolk Naval Shipyard has initiated the procurement of and Philadelphia Naval Shipyard has initiated the lease of photogrammetric technology.

In addition to the fact that the Navy uses photogrammetry capability to support a core logistics function, the FY-93 Authorization Act prohibits the Navy from contracting out this work if it does so as a result of a cost comparison study conducted under A-76. Section 312 states the following:

PROHIBITION ON THE USE OF FUNDS FOR CERTAIN SERVICE CONTRACTS.

(a) PROHIBITION.--Except as provided in subsection (b), the Secretary of Defense may not, during the period beginning on the date of the enactment of this Act and ending on September 30, 1993, enter into any contract for the performance of a commercial activity in any case in which the contract results from a cost comparison study conducted by the Department of Defense under Office of Management and Budget Circular A-76 or any successor administrative regulation or policy.

(b) EXCEPTIONS FOR CERTAIN CONTRACTS.--Subsection (a) shall not apply to--

(1) a contract to be carried out at a location outside the United States at which members of the Armed Forces would have to be used for the performance of an activity described in subsection (a) at the expense of unit readiness; or

(2) a contract (or the renewal of a contract) for the performance of an activity under contract on September 30, 1992.

Therefore, the Navy would be prohibited from contracting this work out as a result of a cost comparison study conducted pursuant to A-76.

With submission of this report, the Navy will resume establishment of in-house photogrammetry activities as appropriate. Consultation with private firms in this field was not considered relevant for preparing this report in light of the fact that the Navy considers photogrammetry to support a core logistics function, as well as the fact that the FY-93 Authorization Act prohibits contracting out work as a result of a cost comparison study under A-76. In addition to submitting this report, the Navy also met with Mr. Paul F. Cambon, Legislative Aide to Representative Bob Livingston (R-LA), on September 11, 1992 to discuss photogrammetry and sent Mr. Cambon a letter dated October 22, 1992 addressing specific questions raised at the meeting.

Question. Does photogrammetry fall within the requirements of 10 U.S.C. 2462(a)? If not, please provide for the record a copy of the determination by the Secretary of Defense that such activity must be performed by military or government personnel.

Answer. Photogrammetry does not fall within the requirements of 10 U.S.C. 2462(a). 10 U.S.C. 2462(a) excepts cases otherwise provided by law, and excludes functions which must be performed by military or Government personnel. Photogrammetry supports performance of core logistics functions as provided by law under 10 U.S.C. 2464, which states in part:

It is essential for the national defense that the Department of Defense activities maintain a logistics capability (including personnel, equipment, and facilities) to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements.

Therefore, the basis of the determination that photogrammetry does not fall within the requirements of 10 U.S.C. 2462(a) is that core logistics functions have been identified as including "depot level maintenance of mission-essential material" at the naval shipyards per 10 U.S.C. 2464(b)(1). Photogrammetry is one of the technologies needed for "depot level maintenance of mission-essential material" at naval shipyards.

Question. What study has the Navy conducted to determine that in-house performance of photogrammetry is more cost effective than contractor performance? Please provide detailed information on any such cost comparison. Please also explain how such cost comparison is in compliance with OMB Circular A-76 and the 1993 Defense Appropriations conference report language, particularly with regard to the Committee's view that the Navy should be conducted "using established public/private cost comparison techniques to make this determination."

Answer. As established in the 12 February 1993 Navy report in response to HRpt 102-1015, photogrammetry supports a "core logistics function" and, therefore, a cost comparison analysis is not required. Accordingly to A-76 and its Supplement, Government performance of a commercial activity is authorized without a cost comparison study where performance is required in-house for reasons of national defense. This exception is applicable to the purchase of photogrammetric equipment. The cost comparison methodology set forth in A-76 and its Supplemental would otherwise be the applicable methodology to the Conference Report request that the Navy use "established public/private sector cost comparison techniques", if such a cost comparison study were appropriate.

It should also be noted that several private sector shipyards, including Electric Boat and Newport News, possess and use in-house photogrammetric capability and do not generally rely on obtaining these services from other private sector firms.

This suggests that in-house photogrammetric capability provides an economic benefit and competitive edge.

Question. Please provide a breakdown of anticipated expenditures for support of in-house capabilities, acquisition of equipment for in-house performance, and contractor services for photogrammetry in FY 1994.

Answer. Puget Sound (PSNSY) and Philadelphia (PNSY) Naval Shipyards are currently in the first year of lease under their lease/purchase contracts. The lease year periods do not directly coincide with fiscal year dates. PSNSY lease costs during FY-94 will be approximately \$115,000. PNSY lease costs during FY-94 will be approximately \$185,000. Other naval shipyards are planning to procure photogrammetric equipment in the future consistent with their mission, workload, and improvement/investment strategy. Norfolk Naval Shipyard is currently purchasing a photogrammetric system, and Portsmouth Naval Shipyard has initiated the acquisition process; both of these acquisitions are planned to complete during FY-93.

Expenditures in FY-94 for lease/acquisition of equipment for in-house performance will not be known until the remaining shipyards, including Norfolk and Portsmouth, have actually awarded contracts, as applicable.

Question. What plan does the Navy have for its in-house photogrammetry capabilities located at those facilities that are slated for closure under BRAC?

Answer. Philadelphia Naval Shipyard is the only naval shipyard currently approved for base closure under official Base Realignment and Closure Commission (BRCC) procedures. It is planned that Philadelphia Naval Shipyard's in-house photogrammetry capabilities will be transferred to another naval shipyard for use upon closure of Philadelphia.

[CLERK'S NOTE.—End of questions submitted by Mr. Livingston. Questions submitted for the record and the answers there to follow.]

FUNDING FOR BASE REALIGNMENT AND CLOSURE 1993

Question. I understand that there is no request for funds for the new Base Closures, and that the department plans to use O&M "savings" from the installations scheduled to be closed to fund BRAC requirements. BRAC falls under the jurisdiction of the Military Construction Subcommittee. Is there proposed legislation to transfer O&M funds to Military Construction Appropriation?

Army Answer. No, I am not aware of any such proposed legislation which would transfer FY 1994 Operation and Maintenance, Army funds to the Base Closure Account. However, OSD has proposed rescinding \$27,550 million from prior year MCA projects and reprogramming them to the FY 1994 Base Closure Account, Part II to help pay the Army's FY 1994 BRAC 93 estimate of \$35 million.

Navy Answer. The Legislative Contingency Account is utilized to transfer base closure savings into the BRAC appropriation. As a part of the base closure process, once savings are identified in each appropriation effected by the closures, savings equating to the one-time implementation costs for the closure effort are transferred to the BRAC appropriation for execution.

Marine Corps Answer. We do not know of any proposed legislation which would transfer O&M, Marine Corps funds to the Military Construction appropriation.

Air Force Answer. The cost and savings associated with the recommendations to the 1993 Base Realignment and Closure Commis-

sion are identified in the Legislative Contingency Account. If the 1993 Commission recommendations become law and the Fiscal Year 1994 budget request is authorized and appropriated, we expect the funds to be transferred from the Legislative Contingency Account to the Defense Base Closure Account, Part II. These actions would also result in reductions to various Service appropriation requests. Some of the reductions would come from O&M funds.

Question. Will you tell me which O&M accounts and what amounts from the 1994 budget request will these "savings" come from?

Army Answer. The current estimate of FY 1994 savings based on the SECDEF's report to the Commission contains no Army O&M savings in FY 1994. Most of the O&M savings will materialize in the outyears when installations lose missions and/or close.

Navy Answer. The savings for BRAC 93 will be generated from a number of appropriations which fund requirements at bases proposed for closure. Savings will come from cancelled MILCON and OPN, FHN, as well as O&M. The specific breakout of savings as well as the source will not be known until the base closure list is finalized and approved. In O&M, the majority of the savings will be from reductions to base operating costs, including civilian personnel, decreases to real property maintenance requirements, and reductions to DBOF rates in future years as a result of overhead reductions.

Marine Corps Answer. We cannot provide this information until the Closure Commission makes a final decision on BRAC 93. The estimated savings associated with the closure and realignment recommendations provided to the Commission by the Secretary of Defense were based on notional figures for those specific options. Should the Commission deviate from DoD's recommendations the estimated savings would have to be adjusted accordingly.

Air Force Answer. Anticipated savings in FY 1994 from BRAC 93 recommendations identified by the Department of Defense in the Legislative Contingency Account total \$1 billion. The Air Force portion of the savings is:

[Dollar in thousands]

Military construction	\$14,164
Military family housing—Operations	5,500
Operation and maintenance, Air Force	43,759
Military personnel, Air Force	21,509
Total	84,932

Question. Each of the Services have growing backlogs in Depot Maintenance (\$2 billion) and Real Property Maintenance (\$14 billion). Can you not use these "savings" to fund these backlogs?

Army Answer. There are no FY 1994 Army O&M savings associated with BRAC 93 and so no Army O&M savings are available for reducing the depot maintenance and real property maintenance backlog in FY 1994. The Army's portion of the DoD depot maintenance backlog of \$2 billion is \$153 million; its portion of the \$14 billion real property maintenance backlog is \$5.6 billion (\$4.8 billion of OMA and \$840 million AFH,O).

Navy Answer. These savings are required to cover the base closure costs, which, for the Navy amount to approximately \$440 mil-

lion in FY 1994. The decision to reduce depot and real property maintenance was not made lightly; however, these backlogs were determined to be "least risk" in terms of overall Department of Navy priorities.

Marine Corps Answer. Currently, the Marine Corps is realizing no savings associated with the closure/realignment of any bases. We do have significant backlogs in both Depot Maintenance and Real Property Maintenance that are unaffordable at the current funding and OPTEMPO levels.

Air Force Answer. Air Force Operations and Maintenance funding will be reduced commensurate with the number of bases closed as these funds will not be needed to cover operating expenses. As in the past closure processes, outyear savings assumptions have far outstripped the actual savings and we do not expect any "savings" to be available to apply toward our backlogs in depot maintenance or real property maintenance.

FIXED VERSUS VARIABLE O&M COSTS

Question. Of the total O&M funds provided to each of the Services, what percentage of the total amount would be considered as fixed costs versus variable costs? Which of your programs would fall under "fixed costs"?

Army Answer. During the year of execution, I consider nearly all of the O&M budget as fixed. Fixed cost elements include civilian pay, utilities, soldier support, and installation operations. Although we can tinker with dollars at the margin, I consider OPTEMPO a fixed cost also because it supports readiness. During the year of execution, there is limited flexibility to reduce costs. We can reduce some costs by curtailing temporary duty travel and school training, but big dollar savings can be achieved only by furloughing civilians and reducing OPTEMPO, both of which would affect readiness adversely.

Navy Answer. The Navy's fixed costs are reflected primarily in Budget Activity 4, "Administration and Servicewide Activities", which funds programs considered servicewide in nature such as management headquarters and support activities, servicewide communication, investigations and security, logistics operations and technical support, and acquisition and program management. Budget Activity 4 represents approximately 18.5 percent of the total Navy O&M budget in FY 1993 while 81.5 percent is dedicated to operations activities, including ship and air operations, which are considered variable costs. Changes in fixed costs, such as management headquarters staff, are consistent with changes in force structure, such as reductions in ship classes or weapons systems. The Navy has aggressively pursued management savings in fixed costs in order to maintain readiness and operations tempo despite significant budget reductions. For instance, headquarters management and support staff, leased space requirements and other Budget Activity 4 programs have been reduced as a result of management initiatives to reduce the cost of doing business. As a result, Budget Activity 4 represents only 16.5 percent of O&M Total Obligational Authority in FY 1994.

Marine Corps Answer. A large percentage of O&M Marine Corps funding is fixed costs due to the necessity of maintaining ready, relevant and capable forces to support the CINC's requirements. While no costs are fixed in the long run, we have reduced O&M to fund only the minimum costs to maintain our current force structure.

Since 1987, O&M funding, when taking into account inflation, has decreased 22 percent. Also, we have an additional \$200 million of O&M support requirements for subsistence, environmental and other costs over the FY 1987 level. The impact of these mission increases and funding decreases is bare bones funding. Consequently, most resources are dedicated to maintaining readiness. We have had to defer maintenance and reduce quality of life programs to minimum standards. Our FY 1994 budget reflects our ability to fund only fixed costs and leaves little room to respond to emerging requirements.

A breakout of the FY 1994 budget follows:

[Dollars in millions]

Sub-activity group	Cost type	Budget	Comments
Expeditionary forces.....	Fixed.....	\$297	For the budgeted structure, it maintains the minimal acceptable training and materiel readiness.
Field logistics.....	Fixed.....	138	Life cycle support of weapon systems.
Depot maintenance.....	Fixed.....	44m	Artificially low in FY 94 due to availability of Desert Storm carry over funding.
Prepositioning employment	Fixed.....	71	Required for MPF (Does not include \$31 million shortfall for regeneration from Desert Storm.)
Recruit training.....	Fixed.....	6	Minimum cost to support planned accessions.
Centralized training.....	Fixed.....	76	Minimum cost to provide basic MOS training and professional development for a 174,000 Marine Corps.
JROTC.....	Variable.....	5	Important community support program.
Recruiting non-media adv	Fixed.....	48	Required to support current accession plan.
Paid media advertising	Variable.....	3	Loss would significantly reduce ability to recruit and require higher recruiting and non-media advertising costs.
Off-duty educ and VEAP	Variable.....	13	Important morale program for small investment.
Subsistence.....	Fixed.....	100	Legal entitlement to feed eligible Marine population.
Transportation.....	Fixed.....	37	Required to support equipment/material moves associated with readiness requirements and force structure realignment.
Administration/servicewide	Fixed.....	141	Required to pay DBOF for Financial (Disbursing and Accounting) and Info Services. Includes cost of HQ Marine Corps.

—Continued

[Dollars in millions]

Sub-activity group	Cost type	Budget	Comments
MRP.....	Fixed.....	248	Failure to fund will result in further deterioration of base infrastructure. Currently funding only most critical maintenance requirements. Backlog of maintenance and repair is growing by almost \$200 million a year.
Environmental.....	Fixed.....	72	Required by Federal, state, and local regs.
Base communications.....	Fixed.....	31	Required to maintain acceptable level of communications capabilities.
Utilities.....	Fixed.....	115	Utilities costs are fixed overhead costs.
Collateral equipment.....	Fixed.....	7	For initial purchase of furniture, etc. for MILCON projects. Without this, our limited new construction would be unusable.
FECA.....	Fixed.....	16	Required by Federal Employee Compensation Act (FECA).
Other base support.....	Fixed.....	350	Base support costs to maintain minimum essential sanitation, security, morale, administrative, supply, financial, and services.

Variable: 21.

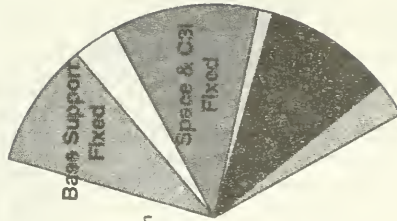
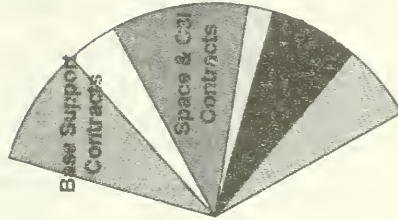
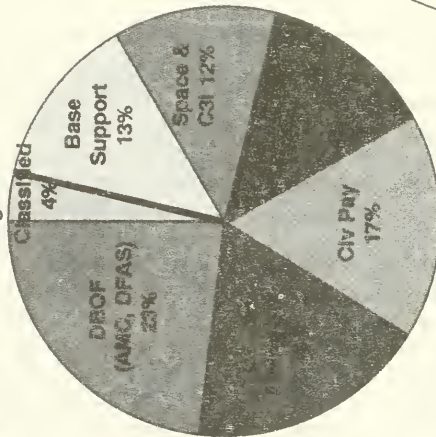
Fixed: 1797.

Air Force Answer. Although this is a judgment call, we believe approximately 93 percent of the FY 94 O&M Budget Request is fixed. Included in our fixed cost assumptions are civilian pay; direct flying support such as fuel, supplies and contract maintenance; payments to the Defense Business Operation Fund for DoD services; space and communications missions; base support such as utilities, vehicle maintenance and base maintenance contracts; supplies for missiles and radar missions; and other miscellaneous contractual support. The following chart reflects this comparison.

The combination of the drawdown in force structure and infrastructure coupled to the increased usage of customer rates in executing the budget have left us with a higher fixed/variable ratio than in previous years. In other words, the leaner we become the less flexibility we have to sustain a high state of readiness.

AF O&M Fixed (93%) vs Variable (7%) Cost

Total FY94 Program



Adjusts for non contract fixed costs

- 62% tied to OPTEMPO, Civilian Authorizations, DBOF Rates and Classified Programs
- 38% Tied to Base Support, Space and C3I, and Other miscellaneous areas
- 27% tied directly to contractual services.
 - Utilities
 - Base Maint
 - Space Ops
 - Comm Lines
- 11% non contractual services
- 4% tied to fixed cost
 - Non Flying DLRs for Missiles, Radars etc
 - Second Destination Charges
 - Initial Training Cost
 - Remaining 7% considered variable .

[CLERK'S NOTE.—End of questions submitted for the record.]



WEDNESDAY, MARCH 31, 1993.

SPARE AND REPAIR PARTS

WITNESSES

LT. GEN. LEON E. SALOMON, USA, DEPUTY CHIEF OF STAFF FOR LOGISTICS, U.S. ARMY

VICE ADM. STEPHEN F. LOFTUS, USN, DEPUTY CHIEF OF NAVAL OPERATIONS FOR LOGISTICS, U.S. NAVY

LT. GEN. ROBERT A. TIEBOUT, USMC, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS, U.S. MARINE CORPS

LT. GEN. TREVOR A. HAMMOND, USAF, DEPUTY CHIEF OF STAFF FOR LOGISTICS, U.S. AIR FORCE

INTRODUCTION

Mr. MURTHA. The Committee will come to order. I want to welcome this distinguished panel.

This morning we shall receive testimony from Lieutenant General Leon E. Salomon, USA, Deputy Chief of Staff for Logistics, U.S. Army; Vice Admiral Stephen F. Loftus, USN, Deputy Chief of Naval Operations for Logistics, U.S. Navy; Lieutenant General Robert A. Tiebout, USMC, Deputy Chief of Staff for Installations and Logistics, U.S. Marine Corps; and Lieutenant General Trevor A. Hammond, USAF, Deputy Chief of Staff for Logistics, U.S. Air Force.

There is nothing more important to us than protecting the readiness of our armed forces and making sure spare parts are available. Over the years this Committee has done everything possible to try to make sure we don't have a hollow force. I use the example over and over again that we had the same number of people in the service in 1980 when we couldn't pull off Desert One, then in 1991 we had this magnificent deployment in Saudi Arabia which worked so effectively.

The difference was that we had ready troops, well-equipped and well-trained, good technology, high morale and spare parts. I can remember when we had half the combat aircraft dead-lined because of a lack of spare parts. Ships couldn't steam. We were cannibalizing and of course the morale of the troops was low in the late 1970s and early 1980s because of these things.

As it started to get better, you could see a dramatic change in the ability of the United States to project our forces. Certainly it has been a pleasure seeing us able to respond. I am concerned though that even though the budget this year is adequate, if we don't slow down the op tempo I see us going back to the possibility of a hollow force in a very short period of time.

We see a drop of high school graduates entering the service from 100 percent down to the low nineties. We just see all kinds of indi-

cations that we are starting to lose some of that edge that we had. One of the key issues, of course, is do we have the spare parts for equipment and also if we have to can we ramp up for the type of exercise in Sarajevo and Bosnia which the President has talked about.

I've cautioned against that. I don't think it is in our national interest. I think it would be wrong to get involved there as I have told the President. So far in a note he sent back to me he agreed it would not be in the best interest of the country to get involved deeply.

On the other hand, sometimes things overtake the White House and they change their opinion. Certainly we have to be prepared in case something like that happens. That would dramatically change the tempo of operations. They told me, just to show how O&M is being affected, a carrier coming back from normal deployment couldn't stop in Australia because they wanted to save money so they steamed home. We hate to see that because that deteriorates morale; but it is an indication of that.

In the readiness hearing yesterday, the witnesses testified that 50 percent of the Marines were deployed 50 percent of the time. If we reduce the force and all the services, we are going to end up having many more problems at home and the reenlistment rates will go down. I appreciate the work you folks do and the importance of this hearing. This is probably one of the most important hearings that we will have this year.

I appreciate the expertise and the vitality of the people who are appearing before the Committee. We will start with General Salomon and welcome all of you. If you will put your full statements in the record and if you will summarize, we will go with each service separately and ask questions separately and then have general questions.

General Salomon.

SUMMARY STATEMENT OF GENERAL SALOMON

General SALOMON. Thank you. I am Lieutenant General Salomon, the Army Deputy Chief of Staff for Logistics. I am pleased to have this opportunity to discuss spare and repair parts and their link to readiness. Our soldiers, who maintain and operate our tanks and trucks, and fix our helicopters, need the right parts to remain trained and ready.

I have a statement for the record. I will cover its highlights.

When you spoke and wrote last year, we listened and took action. Last year the DOD Appropriations Conference Report took \$1 billion from the services' O&M accounts to encourage excess returns. We reduced "excess" in the divisions from \$152 million to \$32.9 million. Last year you limited Defense Business Operating Fund supply purchasing authority to 80 percent of sales. We are operating under a 65 percent cap.

Last year you reduced the Army O&M request by \$250 million to encourage termination of excess-on-order contracts. We reduced by 50 percent materiel due in beyond requirements. We reduced our overall inventory requirements by 31 percent or \$6.2 billion. The

Army is committed to logistics stewardship, as demonstrated by the following initiatives. We are implementing logistics Defense Management Report Decisions with targeted savings of \$8 billion. But the achievement of these savings is premised on receipt of near-term investment resources.

We initiated customer funding of reparable items. This has reduced customer demands by 25 to 30 percent.

We reduced our secondary item inventory by \$1.4 billion.

We centralized war reserve and operational project management and reduced requirements \$3.7 billion.

We are reducing ordering time and increasing materiel redistribution.

We are prototyping a capability to provide life cycle visibility of Army assets.

Simply put, we got your message and we are improving our stewardship.

Today the Army is maintaining readiness. However, in spite of all we have done, there are "pockets of poverty." Additional cuts concern me. Several readiness "leading indicators" signal a downturn in the out years. For example, on the average, only nine of the 16 major weapon systems met readiness standards every month last year.

The number of parts requested by Army aviation units, that were not immediately available, increased by four percent during the last two quarters.

Zero balances for our support unit stocks are averaging 5.4 percent above our goal.

Our order-ship-time requisition date to receipt date, consistently exceeds our standard. Each additional day of pipeline could cost the Army \$15.4 million. The length of time when we requisition until receipt consistently exceeds our standards.

Mr. MURTHA. Takes longer—

General SALOMON. When we order and receive it. If we invested in additional pipeline, which we haven't, that would cost us \$15.4 million for each day of each increase in the total time.

Individually, these statistics are not alarming. Collectively, they are "leading indicators" signaling the potential beginnings of supply support and readiness problems.

Over the past two years, we have resourced spare parts largely through force reshaping and Gulf War residuals. Our current funding supports OPTEMPO and the Flying Hour Program. But there is a delicate balance.

The Army's fiscal year 1993 and 1994 O&M program was reduced with the promise that DOD would provide DBOF cash during the year of execution. To date, we have only received only 60 percent of fiscal year 1993 funding.

Continual unit cost reinvestment restrictions produce "pockets of poverty", I mentioned earlier. We had a 65 cent investment cap the last two fiscal years OSD imposed the fiscal year 1992 cap. The President's fiscal year 1994 budget continues this cap at 65 cents with selected exceptions. I will be willing to discuss those later. Any further limits will unbalance readiness and spares availability.

New missions and unprogrammed requirements, such as the L.A. Riots, Hurricanes Andrew and Iniki, and Somalia create new resourcing requirements. Recovery from these type of missions take time, and we are still recovering from Desert Storm.

The Army needs full funding of O&M, to include OPTEMPO, along with the flexibility to execute our O&M based upon our requirements. As you know, the O&M DBOF relationship is much like a business. O&M sales generate DBOF authority for investment in future readiness.

In conclusion, the President's budget supports an army that is a force capable of decisive victory. The mix of resources to support our enduring imperatives, quality people, leader development, training, and modernized equipment, with the right mix of forces, has no slack. This is not a budget without risk.

Mr. Chairman, I ask the support of your Committee to ensure the Army receives "enough." Fully fund the President's budget, specifically O&M and OPTEMPO. Allow us flexibility in executing our O&M and DBOF resources. Excess is not ubiquitous—soldiers cannot fix Apaches with Huey parts. Mr. Chairman, our soldiers need your support in ensuring they have "just enough—just on time."

I will be happy to answer any of your questions. Thank you.
[The biography and statement of General Salomon follows:]

31 March 1993

STATEMENT BY
LIEUTENANT GENERAL LEON E. SALOMON
DEPUTY CHIEF OF STAFF FOR LOGISTICS
UNITED STATES ARMY

BEFORE THE

SUBCOMMITTEE ON DEFENSE APPROPRIATIONS
HOUSE APPROPRIATIONS COMMITTEE

SPARE PARTS

NOT FOR PUBLICATION UNTIL RELEASED BY
THE HOUSE APPROPRIATIONS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES



Biography

United States
Army

Lieutenant General Leon E. Salomon Deputy Chief of Staff for Logistics

Lieutenant General Lee Salomon was born in Chicago, Illinois, on 27 April 1936. Upon completion of Officer Candidate School in 1959, he was commissioned a second lieutenant in the Infantry. He was awarded a Bachelor of Science degree in Chemistry from the University of Florida. He also holds a Master of Science degree in Management Logistics from the U.S. Air Force Institute of Technology. His military education includes completion of the Chemical Officer Advanced Course, the U.S. Army Command and General Staff College, and the Industrial College of the Armed Forces.

General Salomon has held a wide variety of important command and staff positions culminating in his current assignment as the Deputy Chief of Staff for Logistics. Other key assignments recently held include: Deputy Commanding General for Combined Arms Support, U.S. Army Training and Doctrine Command, and Commanding General, U.S. Army Combined Arms Support Command and Fort Lee, Virginia; Deputy Chief of Staff for Readiness, U.S. Army Materiel Command; Commanding General and Chief of Ordnance, U.S. Army Ordnance Center and School, Aberdeen Proving Ground, Maryland; Director, Combat Service Support Systems, U.S. Army Training and Doctrine Command, Fort Monroe, Virginia; Deputy Commanding General, 21st Support Command, U.S. Army Europe and Seventh Army; and Commander, Division Support Command, 1st Cavalry Division, Fort Hood, Texas.

General Salomon served in a variety of important career building assignments preparatory to his most recent duties. He served as the Chemical Operations Officer, Chemical Operations Division, J-3, U.S. Military Assistance Command, Vietnam. He attended the U.S. Air Force Institute of Technology at Wright Patterson Air Force Base, Ohio; after which, he was assigned as a Logistics Staff Officer, Logistics Systems Division, U.S. Army, Washington, DC. He was next assigned as the Commander, 19th Maintenance Battalion, 3d Support Command (Corps), U.S. Army Europe.



Remaining in Europe, General Salomon served as the Assistant Chief of Staff, G-4 (Logistics) in the 3d Armored Division. Upon his return to the United States, he attended the Industrial College of the Armed Forces at Fort Lesley J. McNair, Washington, DC; after which, he became a Logistics Staff Officer, and later Chief, Commercial Industrial Type Activity Team, Management Directorate in the Office of the Chief of Staff, U.S. Army.

General Salomon's awards and decorations include the Distinguished Service Medal (with one Oak Leaf Cluster), Legion of Merit, Bronze Star Medal, Meritorious Service Medal (with two Oak Leaf Clusters), Air Medals, Army Commendation Medal (with two Oak Leaf Clusters), Expert Infantryman Badge, and the Army General Staff Identification Badge.

He and his wife Shirley have three children: Jeffery, Gregory, and Kristen.

Mr. Chairman and distinguished members of the subcommittee, I am LTG Salomon, Deputy Chief of Staff for Logistics, Headquarters, Department of the Army. I am pleased to have this opportunity to appear before you to discuss spare and repair parts management and their link to readiness.

ARMY INVENTORY

The Army's inventory is comprised of both major items (e.g., tanks, missile launchers, helicopters) and secondary items. Secondary items include those spare and repair parts (e.g., transmissions, carburetors, engines, spark plugs) required to keep the major end items operable. Within DOD - the term "spares" usually refers to reparable items such as transmissions or carburetors. The expression "repair parts" refers to those relatively low dollar consumable assets such as bearings, filters, and common hardware.

The Army objective is to manage secondary items in such a manner as to achieve weapon system readiness goals while reducing on-hand inventory and curtailing acquisition of new items. Overall, the Army manages over 250,000 items as the Department of Defense Integrated Materiel Manager. Two hundred and two thousand or 81 percent are considered secondary items. The number of items managed by the Army is steadily decreasing as progress is made with the consumable item transfer (CIT) program which calls for consumable items to be transferred to the Defense Logistics Agency (DLA). Execution of the CIT program resulted in

the Army transferring 44,500 items valued at \$515M to the Defense Logistics Agency in FY 92 and 22,219 items valued at \$206M were transferred during the first quarter of FY 93.

READINESS AND SECONDARY ITEMS - A DELICATE BALANCE

In order to maintain the readiness edge, each Army unit must have the resources to achieve readiness standards and goals. Through months and years of tracking weapon system readiness, the Army has identified a correlation between weapon system readiness and availability of secondary items. When readiness for a specific weapon system shows a downward trend there is normally a corresponding increase in downtime due to supply. Currently, the Army is walking a tightrope. While we are maintaining overall readiness, there are signs of slippage as resourcing becomes tighter. Analysis of the 16 major weapon systems tracked monthly at Army Headquarters shows that, on the average, only nine met the standard during calendar year 1992. Given that we have resourced spare parts in the last 2 years to a great extent through the reshaping effort accomplished to date and the residual from the war in Southwest Asia, the adverse impact of additional cuts to any aspect of our supply accounts is cause for great concern. There are indications of adverse trends developing. Army aviation units experienced a 4 percent increase in backorders from the Army wholesale system comparing end of FY 92 figures with first quarter FY 93.

Our current funding fully supports OPTEMPO and the flying hour program, but it is a delicate balance. Events outside the budget process place demands on our resourcing and can upset the balance. An example is our recovery from Operation Desert Storm which has been a longer and more costly program than anticipated and is forcing us to hard choices. To avoid a "pay me now or pay me later" impact, the Army initiated a Special Technical Inspection and Repair (STIR) program at aviation intensive locations like Fort Campbell, Kentucky, and a Delayed Desert Damage (3D) program for ground equipment. Both are designed to fix equipment that operated in the desert. Failure to make these "up front" fixes would result in premature major component problems from sand and salt intrusion and require the use of Operations and Maintenance, Army (OMA) mission funds normally used for training and readiness.

Tracking several other readiness indicators provides further basis for my concern from a retail or Army unit perspective. Zero balances for support unit stocks should not exceed eight percent. The previous 6-month average is 13.4 percent. Our order-ship-time (OST) (i.e, requisition date to receipt date) performance for most customers consistently exceeds both the surface and air standards. As we strive to balance competing requirements and consolidate and divert to surface shipment, the OST increases which ultimately equates to increased stockage in the field and increased pipeline investment. For each day the Army OST is extended, the Army needs \$15.4 million of secondary

item investment dollars. Requisition volume for the first 5 months of FY 93 compared to FY 92 has dropped 15 percent, yet during the same period, high priority requisitions increased an average of one percent.

Taken individually, these statistics are not alarming; however, when viewed collectively, they could be signaling the beginning of problems associated with achieving supply support in the future. The trends reveal the delicate balance between weapon system readiness, secondary items availability, and OMA resources.

RESOURCING CONCERNS AND NEW MISSIONS

First, in FY 93 and again in FY 94, a large portion of the OMA is programmed to be financed from Defense Business Operating Fund (DBOF) cash which is expected to be generated through the inventory drawdown. In FY 93, the reduction was \$2.7B. To date, only about 60 percent of that money has been provided, with the remainder promised before the end of the year. If the inventory drawdown fails to generate these funds, Army readiness will be seriously reduced if alternative funding sources cannot be found. A \$1 billion shortfall late in the year could only be paid by drastically curtailing OPTEMPO and eliminating purchases of supplies from the DBOF in the fourth quarter. These actions would have a domino effect in FY 94, as reduced sales in FY 93 would mean less cash to fund the FY 94 transfers. Without the FY 94 funding, OPTEMPO reductions and other readiness related

curtailments would follow. The Army urges Congress not to increase these transfers and these reductions to OMA as was done in the FY 93 legislation.

Second, under the unit cost methodology of resourcing the Supply Management, Army (SMA) business area, the wholesale system is restricted in its ability to reinvest by several factors. The Congress has imposed a statutory limitation on the replenishment of materiel in FY 91, FY 92 and FY 93. In FY 93, for example, Congress imposed a limitation of 65 cents in new procurements for every dollar of sales, with certain commodities and types of costs excluded from the cap. The Office of the Secretary of Defense (OSD) can also impose caps on reinvestment equal to or less than the Congressionally imposed limitations. If these caps do not allow for a dollar for dollar replacement of inventory, then inventory is "bought down" and there is a potential for readiness shortfalls. In FY 92, the Army was capped by OSD at 65 cents (Congressional cap was 80 cents) for every dollar of sales, and in FY 93 there is another Congressional cap of 65 cents. Using the pipeline of materiel procured in the expectation of a longer war in the Persian Gulf and the parts being returned from deactivating units, the Army has been able to maintain readiness with selected exceptions under this restrictive reinvestment policy. Our budget submission requests a cap of 65 cents with selected exceptions in FY 94. This would enable us to continue to draw down inventory while maintaining the balance between readiness and the availability of spares. However, a cap of less

than 65 cents in FY 94 would create selected "pockets of poverty" in key commodity areas and has the potential to retard readiness.

A third area of concern is the emergence of new missions outside the budget process. Missions such as providing logistical support in Somalia to U.S., Coalition and UN Forces all bring new resourcing requirements to the table. Operations, such as Operation Restore Hope, consume tremendous amounts of the Army's resources that were previously earmarked for other important mission-essential programs. Inevitably, spares become a partial bill payer for these requirements and readiness suffers. We cannot adequately sustain and maintain the Force at current readiness rates while absorbing these extraordinary costs.

RESHAPING THE FORCE

Similarly, the deactivation of units overseas brings a resourcing challenge to return supplies and equipment to the United States. We are left with the alternative of diverting dollars that would normally support readiness and spares availability or not drawing down overseas units and equipment on our accelerated timelines and, as a result, not realizing the immediate and long-term savings of these actions in the near-term.

Funding the costs of deactivating units and returning equipment is one element of restructuring the force and standing

down units that has considerable readiness and spares implications. Dealing with equipment and supplies as a result of reshaping the force is costing more and taking longer than anticipated. Like other programs outside the budget process such as STIR and Operation Restore Hope, we are faced with hard choices to divert resourcing from readiness and spares to fund necessary initiatives such as accelerating our drawdown in Europe. When the Gulf War began, we understandably took our best equipment out of war reserve stocks and swapped older, and sometimes broken, systems for them. While there have been several funding efforts to overhaul the systems coming out of the desert, there has never been any dedicated funding to bring war reserve equipment up to transfer standards as we reconfigure these stocks despite the fact that there are many claimants in the reserve components for these systems. Funding is required to make the realignment of these newly available assets a reality by ensuring that the reserve components receive systems that are in a high state of readiness and do not deplete OPTEMPO dollars before the first training exercises. The alternative is to divert already constrained OMA dollars from existing programs including spares and suffering the resulting readiness shortfalls.

MEETING THE CHALLENGE

In the logistics arena, we are implementing 10 major Defense Management Report Decisions (DMRDs). These 10 areas account for 40 percent of the Army's total DMRD savings. Current estimates

indicate we will achieve the \$8 billion in savings projected through FY 97. The Army's Total Inventory Management Program is the umbrella for achieving efficiencies and savings in the entire supply system. The Army continues to aggressively pursue management actions in the areas of improving supply system efficiencies, consolidating depot maintenance, streamlining/restructuring of organizations, reducing Army's transportation costs, and improving productivity. As you know, these savings were taken up front, and we continue to scrutinize every aspect of our operations to substantiate achievement of the targeted savings. Additional cuts in the supply area will jeopardize achievement of targeted savings and impact readiness.

The Army has achieved success in reducing our overall secondary item inventory of which spare parts is the largest portion in terms of value. Secondary items, as reported in the Supply System Inventory Report, peaked at \$18.9 billion in FY 89. Reductions have occurred each year since then with the dollar value coming in at \$14.4 billion at the end of FY 92. An aggressive disposal program, reduction in demand and revised Army procurement guidance all contributed to the continued reduction in on-hand inventory.

The Army made significant progress in reducing the requirements objective for spares and repair parts in FY 92. The requirements objective was reduced by \$6.2 billion, thus

providing a solid foundation to accommodate additional inventory reductions.

Army war reserve program policy was significantly revised during FY 92. The policy changes reduce the number and size of war reserves and centralize control. New FY 93 computations for war reserves and operational projects show the secondary items requirements objective reduced from \$9.7 billion to \$6 billion. This includes DLA as well as Army requirements. The revised policy provides the Army the flexibility to implement OSD and Joint Chiefs of Staff guidance pertinent to reducing the size and the scope of the programs to meet budget constraints while continuing to provide the warfighting capability of supporting two major regional contingencies.

Materiel due in beyond current requirements has been a topic addressed in previous hearings and one which led to funding cuts in the past. I can report major progress here. From FY 89 through FY 91, the value of materiel due in beyond the requirements objective remained slightly above \$1 billion. At the end of FY 91, we were at \$1.2 billion; by the end of FY 92 we were down to \$530M, almost a 50 percent reduction and 20 percent (\$105 million) supports the CIT program. This progress was achieved by establishing performance measurements as well as stringent controls over actions being taken by materiel managers. The good news continues as our first quarter FY 93 data shows a further reduction to \$450 million.

The interrelationship between maintenance and spare parts programs is extensive, and the Army has good news to report on two fronts. First, at the wholesale level, the Army established a Requirements Review Team to review the depot maintenance program in light of the post-cold war requirements and experiences gained during Operation Desert Storm and review stocks in depot storage. Since Sep 91, the Army has issued over 5,000 end items to field units or other Army programs. In addition, the Army has transferred nearly 3,500 items to the National Guard and other Services and identified 50,000 items for disposal.

Secondly, perhaps the most significant single initiative undertaken by the Army to ensure that dwindling spares dollars are maximized is the implementation of the Stock Funding of Depot Level Repairables (SFDLR) program in April 1992. This program involved a major change in the resourcing and management of high dollar value repairables (i.e., engines, transmissions, circuit cards). These items were previously procured with Army Procurement Appropriations dollars and issued free to units. Under the SFDLR initiative, retail units purchase their repairable items using OMA funds and receive partial credit for turn-in of unserviceables. The expectation is that a paying customer will be a more frugal user, will buy less, will repair more locally, and will return unserviceables to the wholesale system. The first 11 months of the SFDLR program have been a great success. Customer demand is down 25-30 percent against historical

baselines, local and special repair activity rates are climbing, and unserviceable returns are exceeding every goal dramatically. With lower demand and more unserviceable returns in the wholesale system for rebuild, new procurements of reparable can be avoided and limited materiel reinvestment dollars can be stretched to cover requirements.

Anticipating a more protracted war during Operation Desert Storm, the Army increased stockage level of spare parts in the hands of combat units and support units. Once the forces returned to home stations, the Army launched a "War on Excess" to reduce stockage levels to those authorized during peacetime. With leader involvement at all levels, excess spare parts in Army divisions were reduced from \$152 million in Sep 91 to \$32.9 million by Dec 92.

As the Army adjusts and focuses on efficient management of change due to reshaping, base closures/realignments and responds to new directions in terms of varying roles and missions, .logisticians throughout the Army are constantly seeking new ways of doing business. I have previously noted the initial successes associated with the SFDLRs. A second initiative, objective supply capability (OSC), generates efficiencies by reducing ordering time as well as supporting redistribution within a geographical area. During a recent 6-month test at Fort Hood, Texas, OSC generated a one-time savings of \$5.35 million attributed to redistribution of stocks. A more important point

is the test included over \$520 million in requisitions, to achieve this one percent savings. These results help dispell the common perception of spares and repair parts ubiquity (excess materiel does not necessarily match requirements). A third initiative, total asset visibility, is being designed to provide visibility of Army assets throughout their life cycle. Currently in the operational prototype stage, total asset visibility allows supply managers to broaden their asset knowledge and apply assets stocked at retail to requirements more effectively as well as make more informed repair and procurement decisions. Finally, in order to generate efficiencies, the Army is exploring an integrated sustainment maintenance initiative to maximize repair capability, thus offsetting a portion of new procurement. In conjunction with the theme of reducing costs throughout the supply business area, the Army has an approved Total Distribution Action Plan which represents the results of an Army-wide comprehensive review of all logistics issues arising from our Operation Desert Storm experiences. The action plan identifies issues, prescribes appropriate corrective actions, identifies necessary funding, and tasks the agencies responsible for executing the actions.

As I mentioned earlier, the Army has been operating since 1991 under a unit cost goal that restricts reinvestment in new inventory. Because of the aggressive war on excess and the efforts to return materiel to the supply system, the "windfall" from the Gulf War procurements and unit deactivations, and the

reduction in demand through the SFDLR program, the Army has been able to maintain readiness despite being limited to 65 cents in new procurements for every dollar of sales in both FY 92 and FY 93. We believe readiness can be maintained at a 65 cent cap in FY 94 if selected commodities and activities such as fuel, subsistence, repair, and logistics operations costs are excluded from the Congressional limitation as they have been in FY 92-93. Also critical to maintaining readiness under the cap is continued funding to support OPTEMPO and the Flying Hour Program at 100 percent of the requirement in order to guarantee stability of demand so that limited resources can be applied judiciously. We will reach a point, however, when reinvestment must balance with demand. The Army can only live off the shelf for so long.

CONCLUSION - MAINTAINING THE BALANCE

The Army's FY 94 budget supports a balanced force. Sustaining a force capable of decisive victory is achievable; however, the balance is fragile. Equipment readiness is one of the keys to decisive victory. Secondary items and OMA resources are key to maintaining readiness.

As I mentioned, the Army is aggressively working to achieve the \$8 billion targeted savings required by logistics DMRDs. These funds have already been removed from the Army's operating budget. Many of these savings are premised on receipt of near-term investment resources. Broad and unresourced new bills for "must-do" initiatives, like downsizing U.S. Army Europe, and reconstituting war reserve materiel for redistribution or future

contingencies, cause us to divert resources from OPTEMPO and secondary items programs which has the potential to create adverse readiness impacts. Costs associated with disposal and redistribution of equipment causes us to hold older systems with resulting higher maintenance and secondary items requirements. We are operating at the edge. We are striving to maintain the delicate balance between resourcing and readiness. Our FY 94 budget provides that balance, but we must recognize that extra-budgetary issues can easily upset it and create readiness shortfalls. The Army can take a measured risk in replenishing inventory and get through FY 94 with a 65 cent limitation on new procurements, provided our field units are able to operate in a fully funded OPTEMPO environment, and we are not forced to divert key OPTEMPO resourcing to other programs. The FY 94 budget provides just enough resources to ensure a sustainable force capable of achieving decisive victory.

Mr. Chairman, I ask your support and the support of your subcommittee to help us maintain a balanced program. We need your help to ensure the Army receives "enough" as defined by the FY 94 budget. Equipment readiness is one of the keys to decisive victory. We must have OMA dollars to maintain equipment readiness in support of a trained and ready force. We seek your support to ensure secondary items are available when needed to ensure the Army has just enough - just on time.

DEFENSE BUSINESS OPERATIONS FUND

Mr. MURTHA. Talk about the Defense Business Operations Fund—DBOF—and the shortfall and what is happening? How are you taking care of the shortfall in funds—what are you doing? How are you paying your bills for instance?

General SALOMON. When there is a shortfall in the DBOF, there is no cash transfer to give us the OMA dollars for our units to order the parts from the DBOF. That is why I had indicated that our overall requisition volume is down. We used to average 450,000 requests for parts a month. We are now down to 360,000 per month. So that part of the DBOF that was supposed to be a cash transfer into OMA is part of the shortfall—which will cause the pipeline to elongate.

Mr. MURTHA. I don't follow what happens. You are saying that you are paying your bills but you are just ordering less. In other words, you have to have cash up front, so you have to have the transfer in the bank before you can buy the part?

General SALOMON. Yes, sir. During the L.A. riots the stores had the VCRs, but the people didn't have money to buy the VCRs, so they broke into the stores. Right now because of the O&M not getting \$1.25 billion from the DBOF, the 40 percent figure, units don't have the O&M funds to purchase what they need; this has the potential to elongate the pipeline.

Mr. MURTHA. I am not sure I understand the impact. I want to make sure, because we have such a concern about this after listening to the Readiness Panel yesterday that we are having the acting Comptroller here to talk about this. You are saying that the money is in a pool in DBOF before it is distributed to the units? You can't order it until the money is transferred or you order it and just don't pay for it?

General SALOMON. It is the former, sir. This year there were certain items that were directed by OSD and others by Congress that reduced our OMA dollars. Because the DBOF at one time was in an excess cash position Congress reduced the OMA portion of our budget, but directed OSD to make up most of that through a transfer of cash from the DBOF into OMA. So, in other words, if our units don't have the O&M dollars to buy from the DBOF as much as we had anticipated—

DBOF CASH TRANSFER

Mr. MURTHA. And you have only 60 percent of the funds?

General SALOMON. It is about \$1.25 billion and we have a promise of—

Mr. MURTHA. Yesterday we found out \$1.2 billion was not released by OMB. So this is a problem and we will find out what the situation is.

General SALOMON. There is some withholds at OSD and there are some withholds in OMB. I think you will find that all the services are in the same situation. Another concern on that is what we are doing, because we are keeping up the OPTEMPO we are really borrowing into fourth quarter.

Mr. MURTHA. That is my biggest concern. I know we can get by this year because of residuals, but if we don't reduce the TEMPO, we won't be able to get by next year or in any of the out years. You talked about a \$15 million per day investment. Go back over that.

General SALOMON. That means, say our total what we call an order ship time, say it is 50 days from the time a request is submitted until the repair part is received. Across the Army, if we increase that to 51 days, that would cost us 15—about \$15 million.

Mr. MURTHA. How does that cost you more money?

General SALOMON. Because we have bought another day of pipeline. Because before we just had 50 days of supply in the pipeline because it takes longer to get it to us; now it is 51 days, you have to buy the additional day. We have not done that and that has an impact—you talked earlier about there was a lot more control substitution, people take parts off one piece of equipment to put on another, which drives up the amount of time for maintenance. Soldiers have to spend more time working on it than if the part was immediately available.

DESERT STORM FUNDING SHORTFALL

Mr. MURTHA. You mentioned recovery from Desert Storm. We felt it was important that we put in money from the Desert Storm funds for readiness and spare parts. The Senate didn't go along with that. We find now we were right that there was a miscalculation of the amount of money necessary. When you say you are still recovering, I assume you are talking about the helicopters—you found more problems than you anticipated. How widespread is that?

General SALOMON. We have a \$37 million bill to finish up the remainder of the helicopters. That is doing some other creative things. First it was 85. We got it down to 37. Overall on the delayed desert damage which is the ground part, there is overall work of \$300 or \$400 million that we need—because as we have gotten into some of them, it has taken more dollars to do it than we had anticipated.

Mr. MURTHA. I remember going down to Fort Campbell. They were telling me that you even found sand in the sealed bearings, something that they didn't anticipate.

General SALOMON. That is correct. Sir, we have gotten \$1.6 billion already that we have applied to this. After going through all this, it is about \$527 million that we think we still have requirements for.

Mr. MURTHA. Mr. McDade.

DESERT STORM MAINTENANCE BACKLOG

Mr. MCDADE. Thank you, Mr. Chairman.

General let me ask you about that \$500 million figure you mentioned. Is that maintenance backlog or spares or both? How do you break that down?

General SALOMON. Parts, most of this is being done by contractors in some of the State maintenance sites, so it is a mixture of parts and the labor.

Mr. McDADE. If you would kindly furnish to the Committee staff for the record a break-out of how that looks to the Army.

[The information follows:]

The remaining Operation Desert Storm FY93 unfinanced maintenance requirement is broken into three categories, each with a parts and labor component. Aircraft Special Technical Inspection and Repair (STIR) has a \$168 million shortfall (\$37 million for force modernization aircraft and \$131 million for non-force modernization aircraft), 60% for parts and 40% for labor. Depot maintenance, primarily for combat and tactical vehicles, has a \$167.1 million shortfall, 40% for parts and 60% for labor. Delayed Desert Damage (3D) repairs in FORSCOM and USAREUR units has a \$192.7 million shortfall, which is nearly all for parts to be installed by soldiers.

SPARE PARTS AVAILABILITY

Mr. McDADE. The Chairman has taken the Committee on many occasions out to meet with forces and to travel with them and there are commanders out there saying they are experiencing spot shortages in their spares posture. Will you comment in general on that issue and provide details for the record on overall spare part stock availability for your major systems and tell us specifically if you can which systems have deficiencies as we speak?

General SALOMON. Yes, sir. One of the things discussed in my statement is that one of the statistics we measure is how many parts one of our support units are authorized. We have had an increase in the number of zero balances there by about five percent above our goal. We have a goal of eight percent, we are running 13 to 14 percent. That means when a mechanic comes in for a part and the part is there, it has to be ordered from the Army Materiel Command or Defense Logistics Agency or the General Services Administration. On that side of it their supply availability is around 85 percent.

[The information follows:]

The Army's overall availability for spares and repair parts for FY 92 was 85.7 percent and for the first three months of FY 93 was 84.3 percent. The DOD goal is 85 percent. The first quarter FY 93 data for secondary items to support our major weapons systems follows:

System	Availability
M1/M1A Abrams tank.....	89.1
M2/3 Bradley fighting vehicle.....	88.0
M-109 Howitzer 155.....	87.3
M-198 Howitzer 155.....	78.7
Patriot missile.....	91.8
Tow missile.....	93.6
Multiple launch rocket system (MLRS).....	87.4
AH-64 Apache.....	80.9
UH-60 Blackhawk.....	75.2
OH-58D Kiowa warrior.....	89.5
CH-47D Chinook.....	87.9
Heavy expanded mobility tactical truck (HEMTT).....	86.7
High mobility multi-purpose wheeled vehicle (HMMWV) and HMMWV Tow.....	80.8

Mr. McDADE. If you get to that point where the mechanic goes in and hits that 13 percent black hole and you got to go through the system to get it, how long—do you have figures on—

General SALOMON. Yes, sir. We can give you that for the record.
[The information follows:]

If a mechanic goes to his supply operation for an authorized spare part and it is not available (on the shelf)—assuming all required transportation and supply inventory management savings and reduction actions are in place—in Europe, it will take 43 days to receive the required part if that part is available at the wholesale level; if not in stock, it will take 51 days to receive the required part. If the mechanic is located in Korea, it will take 40.4 days. If the mechanic is located in CONUS and the part is in stock at the wholesale level, it will take 21.9 days; if the required part is not in stock, it will take 30.4 days to receive the required part.

General SALOMON. That is order ship time that we talked about for Europe around 40 days.

We also have put in some systems that have helped fix that in that when we do put in that request, we search all of the other supply accounts on that post to see if that can satisfy it. What will happen, that equipment could remain down or, as the Chairman mentioned, they may take that piece of equipment off something else that is already down and that piece of equipment is down for two things. We call that controlled substitution.

Mr. McDADE. We have seen that happen before not with very pleasing results.

General SALOMON. We never want to do that. That is the last resort.

SPARE PARTS SHORTAGES

Mr. McDADE. Let me ask you, can you indicate to the Committee which weapon systems in the inventory today are experiencing reduced readiness rates due to lack of spare parts?

General SALOMON. The main systems we have that we are having trouble with in the lack of repair parts, the biggest one is the HEMTT, the truck that we use so extensively. That is also part of our STIR program.

Mr. MURTHA. Is that because we didn't buy enough spare parts initially or spare parts were running more than we expected?

General SALOMON. I think it was Desert Storm more, because the mileage we put on them was seven times what we had anticipated. That has been the principal system. We have had some spot shortages with some of our aviation systems, but we seem to be able to work through that. The aviation systems, the part shortages have been more involved and we need that additional funding to finish the special technical inspection repair program to recover from Desert Shield/Desert Storm.

Mr. MURTHA. Nine out of 16 had spare parts problems?

General SALOMON. Nine out of 16 met readiness standards. Some have had spare parts problems and some have had non-capable maintenance problems, which means we haven't had in certain instances the manpower to put on those systems.

Mr. MURTHA. Give us those for the record.

[The information follows:]

Nine of the sixteen systems met readiness standards during the calendar year 1992. Based on the Monthly Readiness Reports, seven systems did not meet our goals for the following reasons:

The M3 Bradley was down for multiple parts problems. The final drive assembly and the distribution box circuit card assembly all contributed to the failure of the system to make goal.

The Patriot missile system failed to make goal due to the failure of a number of the subsystems including the radar, the M900 series 5 ton prime mover and the

M983 HEMTT. Specific repairs parts identified were transmitter modulator tanks and exciter assemblies.

HEMTT did not experience problems with specific repair parts, but rather, had problems with a variety of parts and hands-on maintenance time. Two parts identified as having contributed to HEMTT downtime are the receiver transmitter and the hydraulic check valve, but they are not the only parts causing problems.

The AH-64 Apache helicopter had difficulties with tail rotor swashplates, transmissions, servo cylinders and control swashplates but was down primarily due to maintenance time rather than parts.

The OH-58D Kiowa helicopter had a major systemic problem with the electronic supervisory control unit (ESC) as well as parts problems with signal processors, pitch links, tailbooms and transducers. The problem with the ESC caused us to ground the OH-58D fleet in July and it is only now getting better.

The UH-60 Blackhawk helicopter was down primarily for maintenance time rather than parts but did experience some parts difficulties with the T-700 engine, the turbine rotor, the main rotor blade, and the transmission main.

Finally, the CH-47 Chinook helicopter was down primarily for maintenance time rather than parts. It, too, experienced some parts problems with the fuel tanks, the shouldered shaft, the conductor bus, and the 7th stage compressor blade set.

Recently, the M198 Howitzer has been experiencing problems with cracks in the top carriages. This problem has caused a shortage of both the top carriages and the hardware necessary to prevent a recurrence of the cracking.

SPARE PARTS FOR MARINE CORPS EQUIPMENT

Mr. McDADE. A shrine that we worship at, which has proved its worth time and time again, is stores of a wide variety of items that are necessary in forward deployment. General, as a result of the operations Desert Storm and Restore Hope, et cetera, has the Marine Corps experienced any shortfalls for spare parts and do you have adequate resources to keep your MPF assets at the required level of readiness as we speak today?

General TIEBOUT. We submitted a supplemental for the Southwest Asia effort. Right now we have a maintenance shortfall of \$270 million to get us back up to where we should be and \$31 million to replace the consumable items that were on the ships that were used for various operations. All of that, of course, to keep the MPF operation to a high state of readiness.

Mr. McDADE. Is that roughly the \$300 million in the supplemental that was transmitted in January?

General TIEBOUT. That is correct, but it was not approved. It was deferred, as I understand it.

Mr. McDADE. So is the \$300 million your true shortfall?

General TIEBOUT. Yes, sir, for ammunition rework, MPS regeneration and equipment maintenance.

Mr. McDADE. If you would give the staff, and for the record, a more detailed breakout of what those shortages are category by category, that total \$300 million, that would be most helpful to us. Thank you.

[The information follows:]

We have Desert Storm generated shortfalls remaining in Ammunition Surveillance and Rework, Equipment Maintenance, and Maritime Prepositioning Forces. The ability to apply supplemental funding to ammunition and equipment backlogs is limited by the capacity of available maintenance facilities. The regeneration of our Maritime Prepositioning Force assets has been phased over the thirty-month maintenance cycle to ensure the efficient restoration of this national asset while maintaining the capability to respond in support of the National Military Strategy. The deficiencies shown for FY 94/95 can be executed.

[Dollars in millions]

Requirement	Fiscal year 94	Fiscal year 95	Total
Ammunition surveillance & rework.....	\$19	\$21	\$40
Equipment maintenance		57	57
Maritime prepositioning forces	31		31
Total	50	78	128

Mr. MURTHA. Admiral Loftus.

SUMMARY STATEMENT OF ADMIRAL LOFTUS

Admiral LOFTUS. Thank you for holding this hearing and allowing us to discuss readiness and particularly spare parts support. I have a statement for the record and I will submit that. In my remarks, I want to highlight three messages.

First, we clearly recognize the critical relationship between spares and readiness and as we downsize our Navy, our goal is to adjust our support methodologies and the costs in a sound manner so that we preserve our readiness. That is key.

Second, we are being very deliberate in our inventory reduction programs and are making substantial progress in this area.

The third point, that there is some risk associated with our evolving support philosophy. As you heard in yesterday's testimony, there are many contributors to readiness. Spares are one of the key contributors to that. We must ensure that at plane side and at ship side, the spares inventory that we have on hand and the wholesale supply system support, which provides the critical support to that, are adequately stocked.

I think we are doing a good job of meeting those goals by a combination of things, not the least of which is effecting a cultural change in the way we do business in the inventory management work force. We are establishing some very good business procedures. We are doing business smarter, and we are employing innovative support methodologies.

I would like to give you a short report card on our progress on inventories because they are always critical areas. We have reduced our inventory over 36 percent over the last 3 years, taken it down to \$20.2 billion from a level of \$32.4 in 1989. We expect through the rest of this decade that we will take inventory down another 24 percent. That will be a substantial decrease, almost 60 percent in inventory reductions in this decade.

Our ratio of spares investment to capital investment, which is a key ratio, is now at 8.5 percent, down from 16 percent in 1988. That is a critical ratio and I think shows we are doing a good job in the area of inventory reduction.

Procurement lead times have dropped from 91 days in fiscal year 1988 down to 65 days today. That saves a lot of money, saves us from buying things that we don't need and allows us to keep less inventory. We have also increased the disposal of obsolete material ten-fold, a thousand percent, from \$400 million in fiscal year 1998

to \$4.2 billion last year. So, we are pushing out substantial amounts of stock in order to reduce inventories.

We are very proud of this progress and we have a detailed plan in place to continue this effort.

We are also updating our sparing methodologies, concentrating our management and resources on the spares that contribute most to operational availability. Our afloat and plane side allowances will reflect this relationship and we will rely heavily on the wholesale supply system for additional levels of support.

We are protecting our operation and maintenance resources which fund the replacement of our allowances for spares and repair parts used. We have protected our allowances to the detriment of other areas. Last year we received a \$160 million congressional mark under the title of "spares purchased from DBOF." We had to absorb that mark in the maintenance accounts because as we passed it to the Fleet CINCs, the CINCs said they could not take the kind of risk associated with our readiness that the \$160 million mark would have caused, so they absorbed it by deferring maintenance and cancelling a couple of availabilities. They could not take it in short-term readiness areas such as reducing spares.

Mr. MURTHA. What does that mean?

Admiral LOFTUS. That means, first, that of the two availabilities cancelled, those ships will be retired. It also defers maintenance on the others, and there is an impact to deferring maintenance. I don't want to treat it lightly.

When you defer maintenance, you create a readiness problem downstream. Both Fleet CINCs felt it was impossible for them to take that kind of a mark against a near-term readiness area such as consumer inventory and being unable to buy the spare parts needed to keep ships and airplanes operating.

For example, \$160 million buys all the spare parts required for a year for 32 cruisers. In addition it would cause us to reduce flying by more than 52,000 flying hours or take 50 percent of the fixed wing aviation assets for the Marine Corps and ground them for the year. That is what \$160 million reduction at the consumer level does, and that is why the fleet CINCs said they can't handle that. So they took the mark somewhere else—in maintenance.

As I said there is some risk associated with the approaches that we have to take in these areas. In O&M funding, reducing O&M funding—

Mr. McDADE. If I may, I heard the graphic example which you gave in the CINCs deciding they had to defer maintenance somewhere. It is kind of like the conversation we had with General Salomon that you don't want to be cannibalizing aircraft or anything. I wonder if you could, for my education, talk a bit about what exactly you mean when the CINCs defer maintenance.

What is the impact on readiness, et cetera, when you defer maintenance? If you are deferring maintenance on aircraft, it seems to me we are getting into the old safety problem.

Admiral LOFTUS. With aircraft, you probably wouldn't do that. There are, however, some scheduled maintenance periods associat-

ed with ships that are part of the class maintenance plan which could be deferred without a near-term readiness impact, but the longer you defer maintenance on any kind of material, that means that you have just exacerbated the problem a little more and it will probably cost you more in the future.

Mr. McDADE. You can get away with not rotating the tires for a year—

Admiral LORTUS. Without a safety problem. But you probably should have rotated them.

Mr. McDADE. So the CINC decision is not a safety decision nor does it impact readiness but if continued—

Admiral LORTUS. If you continue to do that, you will do what you are all afraid of on this committee. We will protect O&M at all costs because that is near-term readiness, the lifeblood of our readiness, and we need your support for the budget in that area.

In the wholesale system, our ability to adequately stock the supply system is dependent on our ability to use our limited resources in the most efficient way. We are doing that. The congressional limitation on DBOF procurement does constrain us to the limit of our flexibility. I will probably make the point again, if allowed, that it is okay to put a limitation on while you are downsizing as long as you have the proper exclusions that go with that on repair of reparable and FMS, but once you downsize and get to a steady state, that kind of limitation is going to put you into a graveyard spiral. You will have to take it off completely or bring it back up to the level that allows us to maintain the forces.

I want to assure you that the budgets submitted already reflect the impact of this downsizing, and are reflected in our management initiatives. We are not trying to do anything but be open and visible with our budget in reflecting downsizing. There will be changes, as there were this year, because the budget that you received was downsized further.

I would ask that this committee or Congress refrain from imposing spare parts procurement limitations next year and allow us to deal with the downsizing through the budget and our inventory initiatives. We clearly know what the message is and what we need to do and we think we can do it.

I am not the spokesman for DLA, but I want to say one thing for DLA in this hearing, the limitation on procurement will have a dramatic effect on DLA's ability to provide future support and that future support is our support. In terms of repair parts that we order to repair reparable, 88 percent of our requests are sent to DLA. So when you put a limitation on DLA, and you don't provide exclusions such as in the area of repair of reparable or other similar kinds of exclusions, the impact is not so much on DLA, it is on the services and it comes back to us. If this continues or additional limitations are imposed on DLA, we are going to see a degradation of readiness even though the direct impact is not on us.

Mr. Chairman, our efforts are focused on preserving our readiness, in adapting spares support to a downsized force by maximizing the use of spares resourcing and finally by continuing to decrease the size of our inventory. We will continue these efforts and we ask your assistance in this area. We need your support.

I will be happy to answer any questions you have.

[The statement of Admiral Loftus follows:]

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STATEMENT OF
VICE ADMIRAL STEPHEN F. LOFTUS, U.S. NAVY
DEPUTY CHIEF OF NAVAL OPERATIONS (LOGISTICS)
BEFORE THE
SUBCOMMITTEE ON DEFENSE
OF THE
HOUSE APPROPRIATIONS COMMITTEE

31 MARCH 1993

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APPROPRIATIONS COMMITTEE

Vice Admiral Stephen F. Loftus, U.S. Navy

Vice Admiral Stephen F. Loftus assumed duties as the Deputy Chief of Naval Operations (Logistics) in October 1990.

Vice Admiral Loftus, a native of Arlington, Massachusetts, was commissioned an ensign in 1956 following his graduation from the University of Massachusetts and earned a Masters Degree in Financial Management from the Naval Postgraduate School in 1970.

Designated a Naval Flight Officer in 1957, Vice Admiral Loftus' first operational flying tours were with Carrier Airborne Early Warning Squadron 12 and Patrol Squadron 21. Following a tour on the Staff, Commander Fleet Air Wing 3, he served a two-year tour as the Aide to the Commander, Naval Air Systems Command. In 1968, he expanded his aviation warfare specialty by including a tour with Heavy Attack Squadron 21. He then attended the Naval Postgraduate School, and after graduation completed a tour with Patrol Squadron 24. Vice Admiral Loftus returned to Washington in 1972 to serve as the Deputy Program Manager for Fleet Interface, S-3 Project Office, at the Naval Air Systems Command. In 1975 he was named Executive Officer of Patrol Squadron 45 and assumed command of the squadron in 1976.

Vice Admiral Loftus returned to Washington in 1977 for a tour with the Bureau of Naval Personnel as the Assistant for PCS Matters and later as the Executive Assistant to the Assistant Chief of Naval Personnel for Officer Distribution. The tour was followed by an assignment to the Office of the Chief of Naval Operations as the Head, Career Programs Branch and later as the Executive Assistant and Naval Aide to the Assistant Secretary of the Navy for Financial Management. In 1981, he served as the Commanding Officer, U.S. Naval Air Station Bermuda/Commander, Task Group 24.3. Returning again to Washington in 1983, he served as the Assistant Director of Budget and Reports in the Office of the Comptroller of the Navy and Assistant Director, Fiscal Management Division in the Office of the Chief of Naval Operations.

Vice Admiral Loftus was selected for Flag rank in January 1984 and was subsequently assigned in October of that year as Deputy Commander/Comptroller of the Naval Sea Systems Command. He also was assigned the duties of Inspector General, Naval Sea Systems Command. In August 1986, Vice Admiral Loftus assumed command of Commander, Fleet Air Forces Mediterranean, with additional duty as Commander, Maritime Surveillance and Reconnaissance Force 6th Fleet and Commander, Maritime Air Forces Mediterranean. In July 1987, he returned to Washington and became the Director, Office of Budget and Reports for the Department of the Navy with additional duty as the Director, Fiscal Management Division in the Office of the Chief of Naval Operations. In May 1989, he was assigned as the Director, Office of Program Appraisal, Office of the Secretary of the Navy.

Vice Admiral Loftus' personal awards and decorations include the Distinguished Service Medal, the Defense Superior Service Medal, the Legion of Merit (with two Gold Stars in lieu of second and third awards), Distinguished Flying Cross, Meritorious Service Medal, Air Medal (three STRIKE/Flight Awards), Navy Commendation Medal (with Combat V and two Gold Stars in lieu of second and third awards), Navy Achievement Medal, Vietnam Service Medal (with four Bronze Stars), and Vietnam Cross of Gallantry with Palm as well as various campaign and unit awards.

Vice Admiral Loftus is married to the former Martha Jane Smith of Cambridge, Massachusetts. They have two daughters, Nancy (Mrs Eugene Huether) and Susan (Mrs Kenneth Arthur) both residing in the Washington area.

Good morning Mr. Chairman and members of the committee. Thank you for this opportunity to discuss Navy's readiness, particularly as it relates to spare parts. As you are well aware, Navy's force structure is resizing commensurate with the changing strategic environment. From a logistics perspective, our challenge is to downsize our support costs in a rational manner to ensure that we will continue to maintain a ready fleet.

While accomplishing this downsizing, I can assure you that our management skills have been challenged. But there are even greater challenges yet to be faced. Our logistics community's approach to date has been sound as evidenced by the current high state of fleet readiness. I attribute our success to diligent professionals developing new and innovative programs thereby enabling us to continue support for our ships and aircraft. This morning, I will summarize why I believe we have been successful.

Our requirements for inventory have decreased consistent with force downsizing and improved inventory management practices. We have also seen increases in the number of spares being returned from the fleet to the supply system as a result of fleet downsizing. Material returns reached \$3.4 billion in 1992. The result is that our ratio of material on-hand to requirements is improving. Additionally, our inventory reduction has been very successful. I am pleased to report that Navy inventory levels have declined from \$32.4 billion in Fiscal Year 1989 to \$20.2 billion in Fiscal Year 1992, a 36% reduction over three years. As an indicator of what

all this means in real terms, in 1988 we invested approximately 16 percent of the cost of a weapon system in spare parts. Today, the figure is 8.5 percent.

Let me discuss in some detail changes and initiatives which have contributed, or will contribute, to our ability to maintain readiness in such a challenging environment. We have been successful in achieving a cultural change throughout all levels of inventory management by insisting on more efficient business practices. Additionally, we (1) reduced contracts and procurements in process for inactive material, (2) increased disposals, (3) decreased spare parts prices through increased competition, (4) reduced procurement leadtimes, (5) improved asset visibility, and (6) eliminated inventory positioned ashore for waterfront and plane-side support.

We plan to rely more heavily on sparing models which weigh the importance of a particular spare to the system it supports. The models also consider the observed or expected performance of the wholesale supply system to reach an optimum allowance of spares for the platform or system. Accordingly, our resources will be applied to the most crucial spares while relying on the wholesale supply system for all back-up support. We have by design pushed an increasing amount of readiness risk to the wholesale supply system. We are counting on the wholesale system, whether Defense Logistics Agency or Navy-controlled, to have the parts and support we need within the required time frames.

What are the risks of our shift in support philosophy? First, through various initiatives, we have reduced the inventory aboard our combatants which in the past served to provide insurance for our operating forces. We are confident that these actions are prudent as long as there is adequate funding for our ships and aircraft to maintain their present levels of spares support. To provide some idea of the magnitude of our Fleet's reliance on operating funds (O&M), last year Congress levied a \$160 million mark directed at spares funding based upon the accelerated drawdown of forces and the uncertainty of future force levels. This reduction was distributed to our Fleet Commanders. Neither was able to accommodate the readiness impact this cut would have caused. Their only alternative was to absorb the mark by reducing ship maintenance. In particular, six maintenance availabilities were deferred, two were canceled and one was reduced in scope. To place this mark in perspective, it is equivalent to eliminating spares funding for a full year for 32 cruisers or 7 conventional carriers. Further, we would have to decrease flying hours 52,300 (a four percent reduction) or ground approximately half of all Marine Corps fighter/attack aircraft (approximately 160 aircraft). This type of O&M reduction forces us to mortgage our future and is exactly the kind of problem with which I believe you are concerned, Mr. Chairman.

The second risk that we face is focused on our wholesale supply system. Since we have either eliminated or reduced inventories at the fleet level, we have by design increased our dependency on the

wholesale system. Many of our inventory management initiatives have been extremely successful in providing cost effective supply support at the wholesale level. However, most recently Congress has limited the amount of money accrued from sales that can be reinvested in wholesale spare parts. Last year, the limitation was 80 percent and this year it was reduced to 65 percent. Force downsizing and exemptions from the limitation, such as the repair of repairables, allowed Navy to operate at an adequate level in Fiscal Year 1992. However, this is not true for DLA. At the 65 percent limitation DLA projects a 7 to 10 percentage point drop in material availability and a doubling of backordered requisitions by Fiscal Year 1995. This limitation on DLA will effectively result in a degradation of Navy readiness.

It is important to realize that the budgets we prepared for our wholesale system included the projected force downsizing and savings from management initiatives. Had Congress not enacted a limitation, our investment pattern would not have changed noticeably. However, as we are seeing today with DLA support projections, such limitations will severely impact readiness by constraining buys for the material that reflects the greatest volume of sales or are required for new weapon system support.

To summarize Mr. Chairman, we have been good stewards of the taxpayers' money and are constantly improving. We are continuing to implement improved ways to manage what we have. I urge your support in preventing future O&M reductions directed at spare parts. Additionally, I solicit your assistance in preventing

future legislative inventory funding limitations. I believe our performance to date substantiates this request. That concludes my statement. I look forward to answering any of your specific questions.

WAR RESERVE SPARES

Mr. MURTHA. Two things on spares. Are we all right on war reserve spares? Are you cutting into that?

Admiral LOFTUS. We are unique. I think of all the people at the table Navy is unique in terms of war reserves. As you know, we have a different load out policy. We load out a battle group for 90 days worth of AVCAL and COSAL and we send it off ready to fight. We don't have the same kind of war reserve policies that the other services have.

Most of our war reserve is in "SEABEE" equipment and ammunition.

INITIAL SPARES

Mr. MURTHA. Are you buying less initial spares when you buy systems now?

Admiral LOFTUS. No. The spares are set by system requirements. The requirement levels that are established for new systems indicate what you should buy in for initial spares.

Mr. MURTHA. Does that include helicopters?

Admiral LOFTUS. Yes, sir, it does.

Mr. MURTHA. So whatever you are buying you are buying an initial package of spares, you are not buying more helicopters and less spares, you are buying that initial spare package—

Admiral LOFTUS. In the initial spares line, requirements are predicted from projections of what requirements are going to be needed to support the initial size of the system.

Mr. MURTHA. At Camp Lejeune they told me they were getting the helicopters without the initial spares pack. Is the Navy doing this?

Admiral LOFTUS. The Navy and Marine Corps work together. The Navy is buying these spares out of APN 6.

Mr. MURTHA. My question is when you are buying the system, the helicopter—

Admiral LOFTUS. We do not buy—

Mr. MURTHA. Are you buying the initial spare package?

Admiral LOFTUS. Yes, sir.

Mr. MURTHA. Okay. Any questions—Mr. McDade.

Mr. McDADE. No questions.

Mr. MURTHA. Any questions for the Navy, Mr. Visclosky?

Mr. VISCLOSKY. No, Mr. Chairman.

Mr. MURTHA. Mr. Darden.

Mr. DARDEN. No, Mr. Chairman.

Mr. MURTHA. Mr. Skeen.

Now we will go to the Marine Corps. General Tiebout.

SUMMARY STATEMENT OF GENERAL TIEBOUT

General TIEBOUT. Good morning, Mr. Chairman, and distinguished members, I am Lieutenant General Tiebout, Deputy Chief of Staff for Installation and Logistics of the Marine Corps.

Thank you for the opportunity to be able to testify on what effects the budgets are having on our spare parts and our readiness.

I would like to express our deep appreciation for all the support that you have given us now and in the past.

As you well know, the support you have provided has enabled your Corps to be able to rapidly deploy, employ and carry out all the necessary requirements that we are tasked. As you are aware, Marines are on the move all the time. Marines continue to be forward deployed in any situation so dictated throughout the globe. We are conducting counternarcotics operations as we speak and we are maintaining a forward presence based upon our national military strategy as we know it today.

The recent Marine Corps participations in such diverse operations as Restore Hope in Somalia and the relief efforts in Florida, Guam, Hawaii, certainly demonstrate the flexibility this Nation expects of our Corps. We realize that the force structures and financial resources will decrease in the future but we intend to retain our capabilities and material readiness at the highest possible levels.

Marines have been instructed at all levels to try to figure out how to do business better in order to save taxpayers' dollars. As a result of this, we have ongoing initiatives.

First, we have taken steps to reduce our inventories and have significantly reduced the stockage level of our secondary items. We have also taken a fresh look at our casualty estimates for medical supplies and have found we can reduce those supplies 50 percent, which equates to a nice annual savings.

Thirdly, we are emphasizing to inspect and repair as required vice tearing down a complete piece of equipment and totally rebuilding it to save dollars. As always, we are looking at standard cost saving measures in our ammunition by surveying it, reworking it and putting it back into inventory.

As far as spare parts go, we rely almost totally on DLA as well as our other integrated materiel managers from our sister services to support our weapon systems. As the wholesale supply availability drops down, it affects the Marine Corps drastically. We checked not long ago and found that for every three percent drop of materiel availability, it affects us 1.5 percent in our readiness.

While equipment readiness continues to be high, we have begun to notice a slight decline in readiness. That has occurred because we did not get our full funding for Southwest Asia and that has affected our ground materiel readiness levels. For the first time since 1983, they have dropped below 90 percent. At the present time our readiness is somewhere around 89 percent.

There is also significant uncertainty on DBOF as it affects the Corps. To date, the Marine Corps is scheduled to receive \$39.0 million and that is out of a \$230 million requirement. But to date we have not received anything. This causes a lot of concern.

DBOF CASH TRANSFER

Mr. MURTHA. What does that mean in practical terms?

General TIEBOUT. We are having to juggle advance third and fourth quarter resources to fund current operations.

Mr. MURTHA. You are taking money from someplace else in order to keep the cash flow moving—if you didn't get that, what would happen?

General TIEBOUT. If we don't get that money, our readiness will drop because the field will not be able to buy spare parts, train Marines and maintenance would further decline.

Mr. McDADE. Is the 234 the high dollar figure?

General TIEBOUT. Yes, sir.

Mr. McDADE. Is that the extent of your shortage?

General TIEBOUT. Yes. We are promised \$39.0 million, but we haven't received that as yet. These deferrals are causing a cash flow problem and are aggravated by the Somalia operation, another \$101 million bill that is unfunded. That is so high because we were the first in Somalia and we had the common user support requirements for all the forces in theater at that time.

In summary, we are committed to trying to live with all the DMRD's and to support the administration. Additionally we intend to strive to maintain the highest equipment readiness that we can while maintaining forward readiness which is expected of the Corps, whether in the Pacific, Southwest Asia, the Mediterranean or any other place we are required to deploy.

You can be certain that your support will provide a relevant, ready and capable Marine Corps. Thank you for the opportunity this morning to allow me to testify before this subcommittee.

[The statement of General Tiebout follows:]

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STATEMENT OF
LIEUTENANT GENERAL ROBERT A TIEBOUT
UNITED STATES MARINE CORPS
DEPUTY CHIEF OF STAFF
INSTALLATIONS AND LOGISTICS DEPARTMENT
BEFORE THE SUBCOMMITTEE ON DEFENSE
HOUSE APPROPRIATIONS COMMITTEE
CONCERNING SPARES

MARCH 31, 1993

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UNITED STATES MARINE CORPS

HEADQUARTERS MARINE CORPS, DIVISION OF PUBLIC AFFAIRS
WASHINGTON, D.C. 20380, (703) 614-4309



LIEUTENANT GENERAL ROBERT A. TIEBOUT, USMC

Lieutenant General Robert A. Tiebout is currently serving as the Deputy Chief of Staff for Installations and Logistics, Headquarters Marine Corps, Washington, D.C.

General Tiebout was born on August 11, 1938 in Urbana, Illinois. He graduated from Memphis State University, Memphis, Tennessee with a B.S. degree in 1961, and was commissioned a second lieutenant in the Marine Corps in October 1961.

Upon completion of The Basic School at Quantico, Va., General Tiebout attended the Combat Engineer Officer School at Camp Lejeune, N.C., and subsequently assigned as a Platoon Commander of Landing Support Company Service Battalion, 3d Marine Division on Okinawa.

Returning from his overseas tour, he was assigned to the billets of Platoon Commander and Executive Officer of 2d Bridge Company, 2d Force Service Regiment. He was then assigned to the 2d Shore Party Battalion where he was promoted to captain and served as the Commanding Officer, Headquarters and Service Company, Platoon Commander, Engineer Equipment and Motor Transport Platoon and Assistant Logistics Officer of the Battalion, respectively.



During 1967, he deployed to Vietnam with the 1st Marine Division, where he served as the Company Commander of "A" Company, 9th Engineer Battalion and Battalion Operations Officer. Returning to the states in 1968, he was assigned to the 2d Engineer Battalion to serve as the Support Company Commander, Division Engineer and Battalion Training Officer.

In 1969, he was ordered to Headquarters Marine Corps, Washington, D.C., and assigned duties as Engineer Monitor, Officer Assignment Section of the Personnel Management Department. From July 1972 to June 1973, he attended the Marine Corps Command and Staff College, and upon graduation, was assigned again to the 3d Marine Division where he served with the 3d Engineer Battalion as the Operations Officer.

Transferring back to the states in July 1974, he was assigned to the Marine Corps Logistics Base, Albany, Ga., as the Base Facilities Maintenance Officer. General Tiebout returned to Headquarters Marine Corps in 1977 for duty and served in the billets as Head of the Garrison Mobile Equipment Section and the Head of the Engineer Section, Materiel Division, Installations and Logistics Department. During 1978, he was promoted to lieutenant colonel.

From July 1980 to June 1981, he was a student at the Naval War College, Newport, R.I., and upon graduation transferred to the 1st Force Service Support Group, Camp Pendleton, Calif., where he served as G-4 of the Force Service Support Group and Commanding Officer, 7th Engineer Support Battalion. He then served as the Base Facilities Maintenance Officer from August 1982 until April 1984. Returning overseas, he served as the Commanding Officer of Range Company, Camp Fuji, Japan.

Upon completion of his overseas tour, General Tiebout was assigned as the Assistant Chief of Staff, Facilities, Marine Corps Base, Camp Lejeune, N.C. During 1986, he assumed duty as the Commanding Officer, Marine Corps Engineer School. While serving in this capacity, he was selected for promotion to brigadier general in December 1987. He was advanced to that grade on May 31, 1988, and served as Commander, Defense Electronics Supply Center, Defense Logistics Agency, Dayton, Ohio from June 1988 until June 1990. He was assigned duty as the Program Manager, MAGTF C2 and Deputy Commanding General, Marine Corps Research, Development and Acquisition Command, Quantico, Va., on June 18, 1990. General Tiebout was advanced to major general on May 31, 1991, and assigned duty as the Commanding General, Marine Corps Research, Development and Acquisition Command on June 3, 1991. On Jan. 1, 1992, the Marine Corps Research, Development and Acquisition Command was renamed Marine Corps Systems Command. General Tiebout was nominated by the President for appointment to the grade of lieutenant general on March 19, 1992, and assignment as the Deputy Chief of Staff for Installations and Logistics. He assumed his current assignment and was promoted to his present grade on Aug. 12, 1992.

His medals and decorations include: the Defense Distinguished Service Medal; the Distinguished Service Medal; Bronze Star Medal with Combat "V"; Meritorious Service Medal; Navy Commendation Medal; Presidential Unit Citation with Ribbon bar and one bronze star; Meritorious Unit Citation (Army) with ribbon bar; National Defense Service Medal; Republic of Vietnam Meritorious Unit Citation (Gallantry Cross Color); and the Republic of Vietnam Meritorious Unit Citation (Civil Actions Color, 1st Class).

Lieutenant General Tiebout and his wife, the former Lil Dudley of Jacksonville, N.C., have two sons, Michael and Charles.

(Revised Sept. 15, 1992 HQMC)

PREPARED STATEMENT OF LIEUTENANT GENERAL R. A. TIEBOUT
DEPUTY CHIEF OF STAFF FOR INSTALLATIONS & LOGISTICS
UNITED STATES MARINE CORPS

Good Morning Mr. Chairman, and members of the Committee. I am Lieutenant General Tiebout, Deputy Chief of Staff for Installations and Logistics, Headquarters, United States Marine Corps. Thank you for this opportunity to testify concerning the effect of Defense Management Report Decisions (DMRD) and budget reductions on spare parts and readiness. I would like to express our deep appreciation for your past support and your continued support in this area.

There are three main concerns regarding SPARES: the SPARES/READINESS relationship, the Marine Corps' dependence on the uninterrupted supply of spares, and the anticipated operational funding shortfalls associated with SPARES. Congressional support has enabled the Marine Corps to maintain a high state of readiness in recent years. This readiness has been repeatedly proven by rapid deployments, employments, and sustainment of forward deployed Marine Forces in support of National Military Strategy. As force structure and financial resources decrease, we as a nation, must strive to retain our defense capabilities and material readiness at the highest possible level. The Marine Corps is presently holding a steady course with the capability we built, but face the danger of readiness and sustainability degradations from additional funding constraints.

The current downsizing in force structure has warranted

smaller supporting inventories of spare parts. Through Defense Management Reports (DMR) consolidations and streamlining, many supply support responsibilities have been transferred from Fleet Marine Force supporting units to the Defense Logistics Agency (DLA). Therefore, by design the Marine Corps as a customer is in an unique position of relying on the wholesale system, placing an increasing amount of readiness risk on the wholesale supply system. Clearly, achieving a significant reduction of materiel inventories while maintaining an acceptable level of materiel readiness is a formidable challenge. Attention must be placed on the effective integration of the numerous functional, budgetary and organizational efforts, both on-going and planned.

Care is being taken to maintain the readiness of your Marine Corps with fewer Marines. Since May 1990, major efforts have been underway to develop policy and managerial improvements to achieve this end. Marines at all levels are being instructed to seek better, smarter, and more efficient ways of doing business. We have taken steps to intensify stockage criteria for spares by promulgating new policy significantly reducing operating inventory, safety stocks, and retention of stockage levels. Decreases in these levels translate into inventory investment savings. The current challenge is to match inventory levels with force structure/size, mission, and readiness.

As always, readiness continues to be the principal focus of the Marine Corps. Readiness encompasses everything needed to support the daily operations, including spare parts, of our

battalions and squadrons. Each services' logistics strategy is built around the total management of weapon systems.

While the Defense Logistics Agency (DLA) does not have any weapon systems of its own to support, it provides consumable supply support for approximately 90% of the supplies used on Marine Corps weapon systems. Thus, Marine Corps readiness is directly linked to the availability of these spares. As a customer of DLA, the Marine Corps must be ensured that DLA will reinvest to provide spare parts to meet these readiness needs.

A Defense Management Report Decision directed the transfer of a majority of consumables to DLA. Thus, all the Services rely much more today upon DLA for spare parts in support of weapon systems than in previous years. Recently, DLA presented its Annual Status Report to the Chairman, Joint Chiefs of Staff (JCS). DLA's concerns addressed in the JCS briefing focused upon the congressionally mandated 65% sales replacement policy. This limitation does not affect the Marine Corp's wholesale investment pattern noticeably. However, DLA forecasts a decline in supply availability in the outyears. The results include an increase in customer backorders and longer leadtimes to obtain replenishment spares. DLA has stated that an 82% sales replacement ratio is required to maintain readiness at status quo, vice the budgeted 65% replacement factor.

Marine Corps ground equipment and Maritime Prepositioned Force readiness and attainment have historically been maintained at a high rate. As DLA supply availability drops off, so does the

Marine Corps' equipment readiness. In a recent analysis of the relationship between spares availability and readiness, my department found that each 3% drop in DLA supply availability causes a 1.5% decrease in Marine Corps material readiness. This cause and effect relationship between spares and readiness is a major concern.

In order to maintain readiness and avoid the dangers of a "hollow force", operation and maintenance funding must remain commensurate with mission responsibility. While we continue to emphasize and maintain equipment readiness, reduced inventories at Marine Corps supply units have increased our dependency on DLA wholesale systems. I offer the following examples. First, heavy lift helicopter readiness problems are resulting from CH-53E spare parts shortfalls. Increased usage, and age are the principle contributors to this problem for the CH-53E. Current contracts and delivery schedules have not kept pace with accelerated spare parts usage rates. Although improvements have been significant, this example demonstrates that it will take time for the supply system to line up behind new support needs. Second, we are experiencing spare part deficiencies at the DLA wholesale level in support of the Light Armored Vehicle (LAV) due to excess production leadtimes. The LAV weapon system currently requires some foreign sourcing of spares. From the customer perspective, these two issues reinforce dependency of Marine Corps' readiness on the wholesale supply system for spares.

While many of our latest inventory management initiatives have

been extremely successful in providing cost effective supply support at the operational level, there is significant uncertainty over the Defense Business Operating Fund (DBOF) and the DBOF cash transfer mandated by Congress in the FY93 Appropriations Act. While O&M,MC is scheduled to receive the full \$230 million transfer, only \$39 million has been received to date. Unfortunately, this presents a near term cash flow problem.

While the Marine Corps is fully committed to achieving the goals of the DMRDs and the new administration, the up-front reduction to funding resources could hinder the Marine Corps' ability to sustain adequate inventory for readiness if these projected savings are not realized. Therefore, it is imperative that any shortfalls which may occur in those projected savings be restored to ensure the continuation of support for our aging equipment within our Force and its vital programs.

In summary, the Marine Corps is depending on the DLA system to have the right items at the right place at the right time to maintain current Marine Corps readiness levels. As long as adequate resources are available to support the operational tempo of the Fleet Marine Force, the Marine Corps can stand ready to face challenges around the globe. Inadequate funding previously discussed will create a "hollow force." History has already taught us this lesson, and we cannot afford to repeat history in this context. You can be certain that the support you provide to your Marine Corps will be converted into combat power.

FUNDING THE SOMALIA OPERATION

Mr. MURTHA. So you are taking money to pay for Somalia—we are talking about actual operational money which you didn't anticipate. Where are you getting that money?

General TIEBOUT. That money is coming out of hide, sir, and we have submitted a supplemental asking for that \$100 million.

Mr. MURTHA. When you say "coming out of hide", at some point if you don't get the money, do you have the flexibility just to absorb?

General TIEBOUT. No, sir.

General SALOMON. We are accelerating our spending, dipping into the third and fourth quarter.

Mr. MURTHA. That is my point. From a practical standpoint you are saying the operation would come to a standstill if you don't get this money in DBOF.

General SALOMON. That is correct. Plus a supplemental for Operation Restore Hope, we are in for \$161 million, all of us are in for a supplemental on Operation Restore Hope.

Mr. MURTHA. I assume you are eating some of that because of the normal operation?

General TIEBOUT. Yes, sir.

General SALOMON. Yes.

Mr. MURTHA. Any questions of the Marine Corps? Mr. McDade.

Mr. McDADE. No questions.

Mr. MURTHA. Mr. Visclosky.

Mr. VISCLOSKY. No, Mr. Chairman.

Mr. MURTHA. Mr. Skeen.

Mr. SKEEN. No question, Mr Chairman.

Mr. MURTHA. General Hammond.

SUMMARY STATEMENT OF GENERAL HAMMOND

General HAMMOND. I am happy to report to you this morning on the health of the Air Force logistics. I have provided a statement for the record.

Fortunately, this morning is primarily a good news story from the Air Force tempered by concerns about the challenges of the uncertain future. I can report that we are not a hollow force and that we will not become a hollow force in the foreseeable future, defining foreseeable as perhaps the next two years. Our readiness rates remain high. Virtually all our front line combat fighters continue to maintain over 90 percent mission capable rates, spare support remains strong.

Sustainability, our ability to keep our forces engaged in combat, remains healthy. Our airlift fleet is continuing to perform magnificently although under some major load limitations. The strategic airlift spare shortfall will be eliminated by the end of this calendar year and the ongoing structural repairs to the C-141 will be completed by the end of fiscal year 1994. At that time, the fleet will be restored to pre-Desert Storm sustainability levels.

We have some fiscal year 1993 funding problems for depot level reparable customer accounts, for transportation and for reconstitution of some of our bare base assets over in Southwest Asia and we are working these issues.

Mr. Chairman, I believe the Air Force is capable of maintaining a robust force and giving the men and women in the trenches the wherewithal to do their jobs if three things happen: First, if we do not take any significant non-programmatic O&M reductions; second, if we make the intended DMR savings; and third, if we get some relief from the DBOF buy restrictions.

If I may, I would like to say a few words about the last issue as it is my largest concern as pertains to readiness and sustainability, the DBOF. Our replenishment spares, which include depot level repairables and consumables, are funded through the DBOF. Congress restricted the Service's ability to buy replacements to 80 percent of sales in fiscal year 1991 and fiscal year 1992 and to 65 percent in fiscal year 1993. The intent of this restriction is to reduce inventory.

The Air Force has the message on inventory reduction and we are making excellent progress. Unfortunately, restricting the purchase of inventory that we need to support our current and future force structure does not help reduce inventory, does not help to decrease the excess or unneeded inventory and it puts readiness at risk in the next two to three years. We ask your help in removing these buying limitations.

The impact of the restrictions on readiness to date has been modest. However, because we are restricting the buys on items with two year plus lead times, we believe the impact will get steadily worse. Our models forecast about a six percent reduction in mission capable rates by fiscal year 1995.

After that, our models show that the situation deteriorates even more rapidly, on average across the board. We are concerned about the continued use of DBOF as a source to offset O&M appropriations talked about previously. This year and next we have \$2.6 billion in assumed refunds. If for any reason the refunds do not appear in a planned and timely manner, the Air Force will be significantly impacted immediately because these are customer funds.

This year, for example, we were supposed to get \$448 million in February. We got it this month. We have another \$939 which is due, which we do not know if or when we are going to get or where it is going to come from. We have worked a couple of drills on that this year in terms of being told we would not get it, it was not available.

We went into major crisis management to have that reversed and are told it is now going to be available but we don't know when. It is very, very difficult to manage this kind of process with the loss of flexibility in the O&M funds which already exists and with all of the new rules in terms of business processes and the other savings which have been taken up-front by the DMR's.

Along these lines there are things we operate to understand DBOF called unit cost targets. As an example of the lack of stability, which is absolutely essential to manage this kind of process in a reasonable manner, last year we had four changes in the unit cost target in the course of the year. The last one was in the month of September. This year we already have had two.

If possible, sir, we need your help to ensure that we do indeed get these refunds in a timely manner or readiness and sustainability will be impacted.

I want to thank you and the distinguished members of the committee for your past support of the Air Force and for allowing me to testify today in front of you. I am eager to answer any of your questions.

[The statement of General Hammond follows:]

DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE
UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: Spare Parts, Air Force

STATEMENT OF: Lieutenant General Trevor Hammond
Deputy Chief of Staff, Logistics

March 1993

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE, UNITED
STATES HOUSE OF REPRESENTATIVES



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330-1000

LIEUTENANT GENERAL TREVOR A. HAMMOND

Lieutenant General Trevor A. Hammond is deputy chief of staff for logistics, Headquarters U.S. Air Force, Washington, D.C.

General Hammond was born July 6, 1937. A native of Hartford, Conn., he graduated from East Hartford (Conn.) High School. He earned a bachelor of science degree in business administration from St. Mary's University in 1968 and a master's degree in business administration from the University of Utah in 1973. He completed Squadron Officer School in 1964, National War College in 1978, the Management Program for Executives at the University of Pittsburgh in 1981 and the program for senior managers in government at the John F. Kennedy School of Government, Harvard University, in 1990.

Enlisting in the Air Force in October 1955, the general attained the rank of staff sergeant while serving as an air traffic controller. He subsequently attended Officer Candidate School and was commissioned as a second lieutenant in 1961. After completing pilot training at Vance Air Force Base, Okla., he was presented the Orville and Wilbur Wright Flying Achievement Award by the Order of Daedallians. He served as an instructor with Air Training Command at Mather Air Force Base, Calif., until 1965, when he was assigned to the Instrument Pilot Instructor School, Randolph Air Force Base, Texas. While there he served as a member of the Instrument Standardization Branch, and authored and co-authored numerous manuals on instrument flying, including the Air Force Manual of Instrument Flying.



The general began RF-4 training at Mountain Home Air Force Base, Idaho, in June 1969. In January 1970 he was assigned to the 14th Tactical Reconnaissance Squadron, Udorn Royal Thai Air Force Base, Thailand, where he flew 172 combat missions and served as a member of the initial "Fast FAC" forward air controller cadre.

In December 1970 he transferred to the 32nd Tactical Reconnaissance Squadron, Royal Air Force Station Alconbury, England, where he served as an instructor pilot, flight commander and operations officer. Transferring to Headquarters 3rd Air Force at Royal Air Force Station Mildenhall, England, General Hammond served as director of air traffic operations from August 1973 to October 1974. He then was assigned to Air Force headquarters as a member of the Europe-North Atlantic Treaty Organization Plans and Policy Division within the Directorate of Plans. While there he was extensively involved in Greek, Turkish and Spanish base right negotiations, and mutual balanced force reduction negotiations. In May 1976 he became executive officer to the director of plans.

After graduation from the National War College in July 1978, the general took command of the 380th Combat Support Group, Plattsburgh Air Force Base, N.Y. In October 1979 he was assigned as deputy commander for operations with the 380th Bombardment Wing at Plattsburgh.

(Current as of June 1991)

OVER

General Hammond transferred to Pease Air Force Base, N.H., in July 1981, as vice commander of the 509th Bombardment Wing and assumed command of the wing in December 1981. Under his command, the 509th won both the Fairchild Bombing Trophy and the Saunders Tanker Trophy.

He was awarded the Moller Award as the 1982 Outstanding Wing Commander for Strategic Air Command. In May 1983 he was appointed vice commander of the Sacramento Air Logistics Center, McClellan Air Force Base, Calif. The general became deputy chief of staff for information systems, Headquarters Air Force Logistics Command, Wright-Patterson Air Force Base, Ohio, and commander, Logistics Management Systems Center, also at Wright-Patterson, in August 1985. In July 1987 he was assigned as chief of staff at Air Force Logistics Command headquarters. He returned to McClellan Air Force Base in September 1988 as commander of the Sacramento Air Logistics Center. During his tenure, the center won the federal Quality Institute's prestigious Quality Improvement Prototype Award, one of only two organizations in the entire federal government selected for the award in 1990. The general returned to Air Force Logistics Command as vice commander in December 1990. He assumed his present position in May 1991.

The general is a command pilot with more than 5,000 flying hours in T-33, T-37, T-38 and T-39. His military awards and decorations include the Distinguished Service Medal, Legion of Merit, Distinguished Flying Cross, Meritorious Service Medal with two oak leaf clusters, Air Medal with 12 oak leaf clusters, and Air Force Commendation Medal with two oak leaf clusters.

He was promoted to lieutenant general January 1, 1991, with same date of rank.

General Hammond is married to the former Mary Clement of East Hartford, Conn. They have two daughters, Susan Mary and Jennifer Lynn.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. It is a pleasure to be here today to discuss with you a subject of great professional and personal interest to me. Specifically, the question of whether or not our United States Air Force is slipping once again down that "slippery slope" towards becoming a "hollow force". At your request I'll confine my remarks today to the health of Air Force logistics. With your permission, I'd like to address the status of our forces today, the challenges that I see for the future, and then cover where I believe we are headed. Fortunately this is primarily a good news story tempered principally by the realities of an uncertain future and the strong winds of change. It is good news because I can report to you we are not a "hollow force" today nor do I believe we will become one in the foreseeable future.

READINESS TODAY

A few years ago the Air Force testified before this same committee and told you our forces were more ready and capable than at any time in recent history. Since then much has changed in the world; the Air Force has become smaller but the quality of our forces has remained extremely high. I believe the resounding logistics success of Desert Shield/Desert Storm dramatically demonstrated the value of the investment made during the period of the eighties. Around the world today

from the Arabian peninsula to Somalia to the DMZ our forces remain strong enough to provide a credible deterrent to aggression and capable enough to respond to whatever challenges come their way.

Readiness rates remain very high. On any given day the worldwide average mission capable (MC) rate for all aircraft (combat and training) was 83.4% during FY 92 and was 85.3% through the first quarter of FY 93. Virtually all front line combat fighters continue to maintain over 90% daily mission capable rates. These rates remained essentially stable over the last several years after a period of rapid growth during the early to mid 80's. Spares support remains strong. Our primary measure of effectiveness, Total Not Mission Capable-Supply (TNMCS) has remained relatively low at 7.4% during FY 92 and through the first quarter of FY 93.

Sustainability, our ability to keep our forces engaged in combat, remains very high. Our fighter aircraft are capable of achieving over 90% of their wartime sortie requirements as defined by the various war mobilization taskings. The only note of concern is recovery of our strategic airlift fleet to pre-Desert Shield/Desert Storm sustainability levels. The strategic airlift spare shortfalls will be eliminated this year.

The extraordinary record of logistic achievement of the last few years is really the product of strong Congressional, OSD, and Air Force leadership. The high quality military, civilian, and contractor workforce underwritten with the necessary resources made it happen. There is no question in my mind that we are not a "hollow force" today. The real question is where are we headed given the challenges we see ahead.

THE CHALLENGES AHEAD

Before we attempt to assess the future let me review what I see as the four major challenges we face. Since the collapse of the Soviet led Warsaw Pact our central focus has dissolved. Two new realities have emerged - the threat we face has become more uncertain and the size of our forces and associated resources will continue to shrink. From a logistics point of view these facts present some unique challenges. First, uncertainty is an anathema to logisticians. We have placed a real premium on improving our logistics systems and processes to make them more flexible and adaptable to uncertain demands. Our job is really to reduce risk by being prepared for a wide range of possible contingencies. The more the uncertainty, the more difficult the job of preparing our forces. Withdrawing from overseas basing while retaining worldwide commitments creates added pressure on our ability to deploy and sustain our forces.

Second, we are concerned we will not be allowed to reduce support programmatically but will be issued non-programmatic support reductions in order to balance budgets. These non-programmatic cuts will impact sustainability first and then readiness. We can retain high levels of materiel readiness so long as we are allowed to match materiel reductions and resource levels to the reduced force size, mix and given scenarios.

Our inability to reduce both existing stocks of materiel and our support infrastructure as quickly as we can reduce aircraft and missiles contributes to the tendency to take non-programmatic resource reductions. It is easier to park unneeded aircraft and missiles in the desert outside of Tucson than it is to rid ourselves of the stockpiles of equipment, the bases, and the people that support those systems. The result is the somewhat misleading appearance we are reducing direct forces but not downsizing infrastructure and inventories. This is a major challenge for us and one which we are meeting head on.

We are finally making the kind of progress we expected on reducing secondary items - spares on hand. Inventory is down 18% measured in dollars from our peak in FY 89 while actual items on the shelf have declined by just over 20%. Disposals are way up - over 290% comparing FY 89 (\$1.1B) to FY 92 (\$4.3B). Our goal in FY 93 is \$6B and we are well on our way

to exceeding that figure. Materiel purchases are down about 50% since FY 89. The combination of increased disposals and reduced buying has clearly begun to have the desired effect of reducing inventory. The key question is how much can we reduce without impacting readiness.

Third, our most important resource is not our parts, equipment, or bases but our people. Everyone who visited our troops in the Gulf was invariably impressed by the morale, competence, and inventiveness of our troops. Every time we challenge our people they respond and not only do the job but do it first class. This goes for the blue suits on the flight line as well as the civilian wrench turners and technicians at our depots who surged thousands of items in direct support of the war. The kind of quality workforce we have did not happen overnight. Some of the major indicators of the "hollow force" of the 70's were low pay, poor morale, high turnover, bad training and leadership which resulted in a relatively poor quality logistics workforce at the very time we were increasing technical demands by introducing more sophisticated equipment. There has been nothing Air Force leadership has worked harder to overcome.

As we downsize and look for ways to cut the budget we must avoid the temptation to make changes which will destroy the high quality of our workforce. We must provide our people with the tools to do their job - training, parts, equipment,

decent facilities. For example, there have been recent attempts to disproportionately reduce our training budgets. We must not allow this to occur. A quality war winning workforce will not exist without quality training programs.

Of real concern is the notion our depot infrastructure has not been downsizing along with forces. In point of fact, the depots have been in a hiring freeze since FY 88. This represents an 18% reduction in the workforce over the period of FY 88 through FY 93. We attempted to accomplish these reductions in the most humane way possible through attrition, early outs, etc. However, in FY 91 we were forced to conduct a reduction in force of 6,900 in the depot maintenance complex. In FY 94, we will conduct another reduction in force of over 8,000 depot personnel. We know we must reduce people and capacity, and we are moving to do so. However, we must avoid making non-programmatic budget cuts to civilian pay which would cause a gut wrenching reduction in force with real consequences for the readiness of our forces.

Fourth, over 55% of the Air Force's Defense Management Review

(DMR) savings come from the logistics accounts. Our future readiness is mortgaged to our ability to achieve these savings. The DMR process is a two-edged sword for us logisticians. The DMR coupled with downsizing and increased

uncertainty have provided an enormous impetus to improve our business practices. We must become more efficient or we won't survive. To the extent we don't make the DMR savings we run the real risk of impacting readiness. Fortunately, our quality workforce has met the challenge and we are achieving much of the benefit expected. We are reforming virtually every area of our supply, maintenance, and transportation business.

For the reasons I've discussed we are facing a period of enormous uncertainty and challenge. Virtually every area of our world is undergoing significant fundamental change. Consequently, it is very difficult to forecast the future with great precision. We know our path will be difficult but we do not believe the challenges are beyond our ability to manage.

THE FUTURE

We do not believe we are in danger of becoming a "hollow force" in the foreseeable future.. Leadership attention to the fundamentals of our business - people, process, resources - will prevent us from going "hollow". I do not mean to imply we don't face some big risks nor that we won't have some problems along the way. We will have some problems but we can resolve these with the support of the Congress and OSD.

As previously mentioned, we have some current problems with strategic airlift. More serious are problems this year with

customer funding for depot level reparable, transportation, and bare base reconstitution. We began the final phases on the DMR initiative on Stock Funding of Depot Level Reparables (DLRs), on 1 Oct 92 (FY93) when base level customers began paying for the DLRs they needed on a transaction by transaction basis. The system conversion has gone relatively smoothly but unfortunately it appears we underestimated the customer financing requirements. This underestimation was compounded by a Congressional cut to DBOF supply customer purchases (-\$135M) which included DLRs (-\$82M). We are still validating the size of the shortfall (\$250 to \$400M) and the impact. Around the first of May we'll be in a position to gauge the shortfall and decide if a reprogramming is necessary or whether we can gut out the year. The worst case impact on crew training and mission capable rates could be severe. This is a short term issue given that we have corrected most of the problems in the FY 94 budget.

We are also experiencing some problems in the O&M funded transportation accounts which are only 83% funded in FY 93. This was driven by unbudgeted overseas base closure bills, APO mail rate increase, and non-programmatic Congressional O&M cuts. As a result, we have continued shipment controls for a third straight year - essentially slowing but not stopping shipments. Unfortunately, these controls have not been sufficient this year so we are in the process of diverting some of our highest priority shipments from air to surface.

This may cause short term delays in delivering needed material to the operational commands. This problem is partially fixed in the FY 94 budget so we do not see this as a long term problem.

Reconstitution of our Harvest Falcon bare base assets used to support the massive Desert Shield/Desert Storm deployments has become a concern. Without additional funds to order replenishment parts and to pay for contractor work, reconstitution efforts will have to cease in mid June 1993. Additionally, 20% of our bare base assets are currently in use in support of Provide Comfort, Restore Hope and other operations. As a result, our 55,000 person housekeeping capability has been reduced to approximately 20,000, or stated another way 35% of our assets are currently mission capable.

Initial spares have been well financed over the last few years up to FY 93 when we received a non-programmatic cut for "excess inventory" (\$46.4M). Given the normal inherent delays in the provisioning process and the long leadtimes associated with many of these parts (1 to 5 years), shortfalls do occur early in the life of many programs but funding support has generally been adequate so the problems are more in execution than funding. The Air Force also expanded the definition of initial spares to include the full complement of readiness spares necessary to ensure that the system could perform its intended mission (vice only the initial pipeline assets).

Beginning with FY 94 the Future Years Defense Plan (FYDP) was essentially fully funded. If this remains so, we see no problem on the horizon due to initial spares funding.

Replenishment spares, which include depot level reparables and consumables, are funded through the Defense Business Operations Fund (DBOF) Supply Management Business Area (SMBA). Congress restricted the Services' ability to buy replacement spares to 80% of stock fund sales in FY 91, 80% in FY 92, and 65% in FY 93. The intent of this limitation was to reduce unnecessary inventory and to generate cash refunds to offset appropriated O&M funding. This restriction is the single most worrisome concern in terms of the "hollow force" syndrome. The Air Force doesn't disagree that we need to reduce inventory and, as already discussed we have made substantial progress over the last 3 years. However, restricting the purchase of inventory needed to support the forces we plan to retain does very little to reduce unneeded inventory on the books. Those old F-4 and B-52 parts simply won't work on the F-15, F-16, and B-1. We're getting rid of the old stuff but unfortunately we've also greatly reduced procurement of inventory - primarily condemnation replacements - for our newest weapon systems. Depot repair could keep us afloat temporarily. However, funding repair at near 100% while funding the parts to support the repair lines at only 80/80/65% will eventually reduce our ability to repair as well.

Our analysis of the results of these restrictions shows the potential impact to readiness is modest so far but if we continue these trends the problem will get steadily worse. For example, we forecast a modest 6% reduction in mission capable rates by FY 95/96 due to the continuation of these ratios but after that point our models show the situation becomes rapidly worse if we continue these restrictions. As a consequence, we are asking the Congress to remove these restrictions for FY 94 and the foreseeable future. We have the message on inventory reduction as the data clearly shows. If we don't continue to reduce unneeded inventory then Congress could always reimpose the ratios at a later date.

We are also concerned about the continued usage of the DBOF as a whole and the supply ratios in particular as a source to offset the normal O&M budgets. Increasingly, our O&M appropriations have become leveraged against proposed refunds from estimated cash balances within DBOF. This year and next we have over \$2.6B in assumed refunds being used to offset normal financing. If for whatever reason the cash doesn't appear or the refunds simply aren't made the readiness of the Air Force will be significantly impacted.

The depot maintenance account funds for airframe overhaul, engine overhaul, embedded software, other equipment overhaul, and storage. (Component repair is primarily funded through the DBOF SMBA.) The depot maintenance account is funded at

only 84% of requirement in FY 93 and 82% in FY 94 due to application of the non-programmatic Congressional O&M cuts in FY 93 and absorbing of unfunded Desert Shield/Desert Storm requirements. This level of funding will restrict our ability to induct aircraft and engines into overhaul as well as update software and repair a wide range of ground electronics, vehicles, and support equipment. Nevertheless, we believe that this level of financing represents a prudent hedge against potential force structure changes.

The bottomline is that we believe that we are capable of maintaining a robust force if three things happen. First, we do not take significant non-programmatic O&M reductions particularly to our supply and maintenance accounts. Second, we make the intended DMR savings. Third, we get some relief from the DBOF buy restrictions. We are particularly sensitive to cuts to O&M given the move toward more two level maintenance. Two level maintenance is a sound way to increase operational flexibility by reducing mobility requirements and saving money in the long run. Our concern is that by eliminating military personnel and equipment from the base level and depending more heavily on the depot repair pipeline we will have mortgaged the units' future to the health of the O&M account. Before, marginal changes in O&M funding could be absorbed by increasing base level repair, but that option no longer exists under two level. In addition, apparent "increases" in selected O&M supply accounts for two level

actually represent transfers primarily from the military personnel and equipment accounts and must be protected if readiness is to be maintained.

SUMMARY

The Air Force is not a "hollow force" today nor do we believe that it will be in the foreseeable future based on the things we can control. There are risks but they emanate from outside influences. We need the kind of strong Congressional support that this Committee has demonstrated in the past to ensure that we do not move down that "slippery slope". Specifically, we need your help with the DBOF buy restrictions and protection of our readiness accounts - primarily O&M. At this point I'd be happy to respond to your questions.

C-141 SPARES

Mr. MURTHA. Let me ask you about the C-141s. We understand there is a problem with war spares for the 141s, is that accurate?

General HAMMOND. The spares are available. We have a problem in the priority that we gave to the funding to repair the spares. That has been fixed to the tune of \$14 million, which will plus up the spares requirements for the 141s by the end of this calendar year, and that has been done.

Mr. MURTHA. What is the total funding requirement for C-141 spares and what is the amount requested for fiscal year 1994 through 1999—do you have that?

General HAMMOND. I don't have that with me, no, sir.

Mr. MURTHA. Put that in the record.

[The information follows:]

The total funding requirement and amount requested for C-141 spares is as follows:

Funding Requirement

(Then-year dollars in millions)

Year:	
1994	\$106.3
1995	106.6
1996	107.4
1997	104.3
1998	96.8
1999	89.7

Amount Requested

(Then-year dollars in millions)

Year:	
1994	\$106.3
1995	106.6
1996	107.4
1997	104.3
1998	96.8
1999	89.7

Mr. MURTHA. To what extent would the spare part shortage affect the C-141 overall mission readiness rate? You said six percent on average, but is the C-141 a different category where it is much higher?

General HAMMOND. The 141 is kind of a long story. During Desert Storm, we flew the wings off some 300 percent of the planned flying hours.

Mr. MURTHA. Weren't you flying with a weight restriction on a lot of those airplanes?

General HAMMOND. Fifty-one percent of the C-141s now still have the weight restriction to 55,000 pounds and or altitude restriction to 26,000 feet.

Mr. MURTHA. That means you have to have more tankers?

General HAMMOND. They cannot take a heavy load; that is correct. That is 132 aircraft, 51 percent of the fleet, and that is pending three modifications, one to the window post in the cockpit, one to the center wing box and one is to the wings themselves. Despite that, with that limitation on their capability today, the C-141 mission capability rate is 85 percent, bearing in mind that limitation is

in there. But the mission capability rate, the availability of the aircraft is 85 percent.

Mr. MURTHA. What is the weight restriction?

General HAMMOND. 55,000 is the maximum they can take. It is about a 15,000 reduction. In most cases the aircraft is cubed out before that weight takes an issue. The biggest problem is altitude in terms of range and fuel consumption.

Mr. MURTHA. Any questions for any of the panel?

MISSION CAPABILITY OF THE C-141 FLEET

Mr. McDADE. True or false—only 27 percent of the C-141s are fully mission capable?

General HAMMOND. That is true.

Mr. McDADE. You know, when you responded to the Chairman, I know you responded to him with full accuracy. We talked about the limitations on the aircraft and heavy use of the aircraft and limitations. You didn't get into anything like the increased number of sorties required because of the weight restriction, impacting mission effectiveness if you have to get there in a hurry.

So although you say you think you are going to get them ready, there are still a lot of restrictions on the C-141 in terms of being fully mission capable. The Commander in Chief, Transportation Command is concerned and I know you are.

I am uncomfortable when I hear you say, true, only 27 percent are fully mission capable. I try to think of downstream could we get into a situation where you are going to have to try to deploy that fleet on a robust basis, what are the consequences going to be?

General HAMMOND. I agree and have no intent to cast a different picture. That is the way we flew the airplane in Desert Storm, with all those limitations on it, and they did very well.

Mr. McDADE. Maybe that is why so much went by sea.

General HAMMOND. Maybe. An awful lot went by air.

Mr. McDADE. Five percent went by air? As you sit there, and you have answered the question, you are not comfortable with that. How long is it going to take you to get out of that situation?

General HAMMOND. The mods to the aircraft will be completed by the end of fiscal year 1994. The Chief of Staff and the CINC TRANSCOM and I—we are about 18 months away.

Mr. McDADE. Will they be fully mission capable at that time?

General HAMMOND. Structurally, as far as the fixing is concerned. As far as the three problems I am talking to, the wing post, the center wing box and the wings, they will be fixed.

Mr. McDADE. We will stay interested as a Committee with you and try to work the problem. Thank you, Mr. Chairman.

Mr. MURTHA. Any questions for the panel?

Thank you very much gentlemen. We appreciate your appearance. We will study your detailed statements and we will look at these restrictions and your advice about the restrictions because obviously we are trying to get to the same place. We will take a look at them and see how much it is affecting you. Thank you very much.

General SALOMON. Mr. Chairman, yesterday—I apologize—I checked with all of our Corps commanders, called them on the

phone and sort of went through the things. They all indicated to me that they would know up-front what they got in 1994 and what their funding streams were so we wouldn't be saying we owe you some money, we'll give you more—they said they can make it in 1994.

I think that is significant that we can put out the O&M dollars up-front so they know, because you cannot recapture July 16th training day in September.

DBOF, CASH TRANSFERS

Mr. MURTHA. This Committee has had a great concern about this whole concept of how much money would be saved with the DBOF concept. We used to appropriate right to O&M. We think that is the way to handle it. We were concerned about the way you follow the funds and we didn't feel we would be able to follow as closely if DOD went to this so-called money saving system. The problem that happened is not something anticipated but is something we are looking at.

The Comptroller feels she can explain it adequately but the money is not getting to you and the commanders can't plan ahead. Consequently we are having problems in the field. We will work with them and you on that.

Thank you very much. We will have other questions for the record.

The committee is adjourned until 1:30 p.m.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

EXCESS INVENTORIES

Question. GAO reported last year that purchases of spare parts in fiscal year 1993 should be at least \$5 billion less than the amount appropriated in fiscal year 1992. He contends that of the \$101.9 billion inventory, \$29.5 billion was unrequired and \$8.1 billion is "potential excess."

Based on numerous reports by GAO on the subject of excess inventories, and to ensure that the Services use current inventory on hand before making new purchases to replenish the inventory, the Congress (Authorizers) placed a cap on new purchases at the 65% level. (For every \$1 spent, only \$.65 can be used to replenish the inventory.) (The Appropriators placed the cap at 70%.)

I understand that OSD has placed a cap at 50-55%, instead of the 65% mandated by Congress.

Why has OSD imposed a lower cap on the Services' new purchases? How does this lower cap affect your spares requirements in the out years?

Army Answer. OSD has not applied a stricter cap in FY 93 than Congress did. The hardware cap that the Army is operating within in FY 93 is 65 percent. The cap applies to Supply Management, Army purchases with the following exceptions: repair, logistics operations, retail operations, subsistence and fuel.

Navy Answer. OSD's stated purpose for imposing for the cap at 50 percent as opposed to the 65 percent authorized by Congress was to ensure that the department's inventory levels were reduced con-

sistent with decreased force levels. However, any spending limitations on inventory procurements are a serious concern. Navy's spare-parts budgets already account for force structure reductions and inventory management improvements. Therefore, when taken together, the impact of limitations on procurement and an already reduced spare-parts budget is magnified. In particular, a continuation of the 50 percent limitation imposed by OSD in Fiscal Year 1993 would result in a shortfall that would limit the Navy's ability to provide the requisite logistics support to operational units. However, waivers to portions of the procurement limitation have mitigated the impact sufficiently to significantly reduce our readiness risks. Continuation of arbitrary limitations will cause a degradation to readiness through reduced procurements of spares that support weapon system operability. Spares, particularly spares purchased to support new weapons systems, will not be available when needed causing weapon system downtime to increase. The impact of the limitation on Navy weapon systems is compounded by the effect that the procurement limitation is having on the spare parts managed by and obtained from the Defense Logistics Agency (DLA). At the present limitation, DLA projects a 7 to 10 percentage point drop in material availability and a doubling of backorder requisitions by Fiscal Year 1995. Continuation of limitations on procurement, over and above those already included in the budget, will severely impact readiness by constraining buys for material that reflects the greatest volume of sales or are required for new weapon systems.

Marine Corps Answer. The lower cap imposed by OSD on the Services' new purchases is to reduce inventory levels. Starting in FY 1994, the Marine Corps would definitely be affected by the lower cap. The Marine Corps relies heavily on DLA and the integrated managers of the other Services to support Marine Corps weapons systems. Limitations of new purchases on the Services will impact Marine Corps readiness. For every three per cent the wholesale supply availability drops, it affects Marine Corps readiness by 1.5 per cent. The Marine Corps will not have the supplies necessary to deploy, employ, and maintain material readiness.

Air Force Answer. For the Air Force, OSD gave us an initial FY93 Unit Cost target allocation back in October that was based on a 50% materiel replacement rate. I believe I should leave it to OSD to address rationale behind the 50% materiel replacement rate. Our understanding of this further limitation was OSD's belief the ongoing DoD internal FY 94 fall budget exercise might result in further force structure changes which should also be considered in the FY 93 allocation process. On 16 March 93 we received an updated Unit Cost Document which appears to increase our overall allocation up to the 65% level. However, we believe this is indicative of the lack of stability we have experienced over the last 18 months. Last year alone we received 4 unit cost target changes—one as late as Sep 92. We have two already this year. It's difficult to manage to a changing target. In terms of impact, continuation of either a 50% or 65% limitation will have an impact on readiness. We estimate continuation of the 65% limitation will result in a 6% Mission Capable (MC) rate drop by FY 95/96. A 50% restriction would add another 1-2% loss in MC in the same timeframe. This is

the reason we are requesting Congress discontinue these limitations in FY 94.

Question. Does DoD have more excess inventory than originally expected?

Army Answer. No, the Army does not have more excess inventory than expected. The Army has experienced increased returns primarily from Operation Desert Storm (ODS), implementation of Stock Funding of Depot Level Reparables (SFDLR), and the force drawdown. Army-wide returns continue as the SFDLR program becomes fully integrated. This is the expected and desired outcome and one of the reasons the program was instituted. Also, the accelerated drawdown of forces has resulted in increased returns of secondary items. But, even with these potential increases, Army's excess inventory decreased from FY 91 to FY 92. A key to the reduction was the disposal of \$3.1B of primarily obsolete and broken beyond repair secondary items.

Navy Answer. The Navy is on track with inventory reduction plans. Material returned from customers to the supply system has increased since Fiscal Year 1990 as a result of force downsizing. However, Navy's inventory reduction efforts have kept pace. Inventories were reduced by \$3.1 billion from Fiscal Year 1991 to Fiscal Year 1992. Navy's Fiscal Year inventory level was \$20.2 billion, down approximately 38 percent from the Fiscal Year 1989 high of \$32.4 billion. For Fiscal Years 1993 through 1997 inventories are projected to decrease another 24 percent. The net result of these actions will produce \$4.1 billion in outlay savings.

Marine Corps Answer. The Marine Corps does not have more excess inventory than anticipated. The Marine Corps has promulgated policy to reduce retention, safety and operating levels. As a result of these efforts, significant amounts of excess materiel have rolled back to the integrated materiel managers or turned into the Defense Reutilization and Marketing Offices. During FY 1991, the Marine Corps projected an active/inactive secondary item inventory of \$508 million for the FY 1992 supply system inventory report (SSIR). The FY 1992 SSIR actual figures totaled \$515 million, only \$7 million more than projections of one year ago.

Air Force Answer. Before addressing the numbers two points need clarification. First, DoD/AF do not agree with the GAO definition of "excess inventory". The DoD somewhat arbitrarily divides its inventory into two categories based on whether we'll need the specific item—and it is done item by item—within the next two years plus the leadtime of the item. If the answer is yes we call it active inventory and it's OK, but if the answer is no we call it inactive and then we decide whether or not to keep the item or dispose of it. The GAO calls all the inactive inventory "unneeded" or "excess". The DoD does not agree. There are good reasons to retain inactive inventory. For example, on a weapons system we decide to keep, you may need the inventory 2 years plus a day or perhaps 10 days later so it is more economic to keep it rather than dispose of it and then have to go buy it again later. Sometimes we deliberately buy out a lifetime of parts if we know the vendor is going out of business. We also hold for potential foreign military sales. The bottomline is all inactive is not excess. Second, the primary reason that items migrate from active to inactive is that force structure is

changing, either being modernized or simply reduced. Most of the inactive inventory supports F-4s, F-111s, B-52s, Minuteman IIs, etc. which are leaving our system. We are working aggressively to review these items, determine whether we need to retain them or not, and dispose where appropriate. Unfortunately, the GAO perpetuated a myth that we can somehow recover this inactive inventory and use it to offset future force requirements. This is the premise behind the sales to obligations limitations. To the extent we reuse the inactive items the requirements systems have already counted on doing so and we don't ever compute a buy requirement. Our systems only compute a buy requirement based upon projected asset shortfalls taking into account all known assets. Maybe you can find other customers for hospital gowns or office furniture but we simply can't use F-4 and F-111 parts to support F-15s or F-16s. The Air Force has a massive effort underway to reduce inventory. We have implemented 87 of our 118 Inventory Reduction Plan (IRP) initiatives. This has resulted in reduced requirements for safety levels, depot repair cycles, and special levels. We have sent \$11.4 billion to disposal from FY 89 through the first quarter of FY 93. We plan to send \$6 billion to disposal this year alone and we are ahead of that plan. We have canceled over \$1.2 billion of unneeded inventory on order in FY 91/92. New inventory purchases are down by 51% since FY 87. As a consequence of these actions, total inventory has dropped from a high of \$44.7 billion in FY 89 to \$34 billion in FY 93. Inactive inventory has also dropped. From \$12.8 billion in FY 89 to only \$7.8 billion at the end of FY 92. Based on our progress to date we believe we will meet our FY 97 inventory objectives of \$28 billion a year or two early. We have the message and inventory is dropping.

FISCAL YEAR 1994 CAP

Question. The fiscal year 1994 budget request assumes a 65% cap on new purchases to replenish spares inventory. What is the rationale for imposing this restriction? Is this restriction related to the amount of cash needed to transfer to the Services' O&M appropriations during fiscal year 1994?

Army Answer. The FY 1994 President's Budget was built on the 65% cap with the previous Congressional exceptions expected. The expectations are repair, logistics operations, retail operations, subsistence, and fuel. The reason the limit was imposed was to continue to reduce inventories. As a result of the limit, cash levels in DBOF are expected to increase to allow cash transfers. However, a cap cannot continue to be applied. Eventually (in FY 95 or FY 96?), there does reach a point when reinvestment must begin to balance with demand. The Army can only live off the shelf so long.

Navy Answer. The stated objective of the 65 percent constraint in Fiscal Year 1994 is to continue to reduce inventory levels. Placing a limitation on inventory procurement does not have any impact on cash in the short term. Procurement obligation authority used to procure spare parts in Fiscal Year 1994 does not require a cash outlay to pay for the material until delivery, a procurement leadtime in the future. Hence, this cash outlay to pay for spares procurement initiated in Fiscal Year 1994 would not occur until

Fiscal Year 1995 or 1996. Continued limitations imposed by OSD will increase the cash position of the DBOF in the outyears.

Marine Corps Answer. The purpose of the 65% cap on new purchases in the fiscal year 1994 budget is to reduce inventory levels and was not imposed to generate cash needed to transfer to the Services' O&M appropriations during fiscal year 1994.

In fiscal year 1993, the Marine Corps is scheduled to receive \$39 million of the \$230 million budgeted DBOF transfer, but to date have not received anything. If all of the funding is not provided, then readiness will drop because the Marine Corps will not be able to purchase spare parts. The deferral is causing a cash flow problem for the Marine Corps, having to use third and fourth quarter funds.

Air Force Answer. The stated rationale is to hedge against potential future force structure reductions and to account for on-going inventory reduction initiatives (DMRs). As a practical matter though, DoD requested 90% in FY 93 and Congress reduced to 65% and ordered cash refunds. It wouldn't make much sense given Congress' FY 93 actions to come in at a higher number for FY 94 and just go through the same reduction/refund.

Secondly, in theory, an increase in purchases reduces the amount of cash available. However, there is a delay of anywhere between one and five years to realize the outlay benefit of a reduction in purchases implemented today. The reason for this is that the cash disbursement is not made until item delivery and the lead time on the types of purchases we make is as much as five years. This is not universally true for all commodities, services or other agencies, but it is true for the Air Force. The activities that drive cash flow in the current year for Air Force installations are principally inventory repair, payroll, contract services, and prior year orders which deliver in the current year. Therefore, while inventory purchase restrictions have an eventual impact on cash flow, the impact is neither direct nor immediate.

Question. Each of you mentioned in your statements your successful efforts in reducing inventory. General Hammond, you state the Air Force disposed of \$4.3 billion worth of excess inventory in fiscal year 1992 and the Air Force's "goal in FY 93 is \$6 billion and are well on our way to exceeding that figure." The Army reduced its secondary items by \$4.5 billion since 1989. The Navy's and Marine Corps' efforts have been equally successful.

Tell me, if the Congress had not directed the Department to pursue an aggressive schedule to dispose of excess inventory, would the Services have successfully achieved their goals to reduce excess inventories?

Army Answer. Yes, the Army would have a strong secondary item disposal program without Congressional emphasis. Excess inventories were primarily the result of an OSD moratorium on disposals which ran from FY 85 to June 1990, coupled with Force Modernization and support of the war in southwest Asia, and now the restructuring and build-down efforts. When OSD lifted the moratorium, the Army was able to make great strides in disposing of excess inventories. Lifting the moratorium, more than anything else, contributed to the Army's successful disposal program. In FY 92, the Army disposed of secondary items valued at \$3.1 billion.

Navy Answer. Excess material disposal has always been a part of sound inventory management practice. However, in Fiscal Years 1985 through 1989, OSD imposed a disposal moratorium on the Services. This policy caused an increase in excess material carried on the Services' records. Once the restriction was lifted in Fiscal Year 1990, Navys' disposal rate went from approximately \$510 thousand in Fiscal Year 1988 to \$4.5 billion in Fiscal Year 1991. Disposal authority has been very important to Navy's excess inventory reduction efforts.

Marine Corps Answer. The Marine Corps consistently aspires to "travel lighter." Excess inventories only exacerbate our demanding workload and add no value to mission accomplishment. At the retail level, operating levels are recomputed on a quarterly basis. This ensures we have the right item at the right place at the right time, to secure a high state of readiness. Moreover, the Marine Corps has always desired to transfer wholesale consumables to the Defense Logistics Agency; this finally transpired under the auspices of the Defense Managements Report Decision 926.

Air Force Answer. While we admit the Congress' focus on inventory reduction and imposition of the 65% restriction increased the level of urgency in our inventory reduction program our effort was underway. The important thing is we have the message on reducing inventory and have instituted an aggressive inventory reduction plan. For instance, we have disposed of \$12.7 billion since FY 88. In addition, we have reduced our spending on inventory by over \$3.6 billion since FY 87. The inventory is dropping. In fact, we are probably 1 to 2 years ahead of reaching our \$28 billion FY 97 inventory goal. It has been our position from the beginning that the 65% material replacement limitation does little to reduce excess inactive inventory. This restriction as currently applied restricts the Services ability to replace items which are sold, it does not address the problem of excess inactive inventory. What this restriction does is reduce our ability to supply the customer with parts he needs. This eventually will result in increased not mission capable rates and reduce our ability to repair unserviceable items. If this restriction is continued we project a potential 6% reduction to mission capable rates in the FY 95/96 timeframe.

[CLERK'S NOTE.—End of questions submitted for the record.]

WEDNESDAY, MARCH 31, 1993.

GLOBAL STRATEGIC OVERVIEW BRIEFING

WITNESSES

DR. ROBERT L. PFALTZGRAFF, JR., PRESIDENT, INSTITUTE FOR FOREIGN POLICY ANALYSIS, AND SHELBY CULLOM DAVIS PROFESSOR OF INTERNATIONAL SECURITY STUDIES, FLETCHER SCHOOL OF LAW AND DIPLOMACY

DR. RICHARD H. SHULTZ, DIRECTOR, INTERNATIONAL SECURITY STUDIES PROGRAM, FLETCHER SCHOOL OF LAW AND DIPLOMACY

MICHAEL MOODIE, SENIOR FELLOW, INSTITUTE FOR FOREIGN POLICY ANALYSIS, FORMER ASSISTANT DIRECTOR FOR MULTILATERAL AFFAIRS, U.S. ARMS CONTROL AND DISARMAMENT AGENCY

DR. JACQUELYN K. DAVIS, EXECUTIVE VICE PRESIDENT, INSTITUTE FOR FOREIGN POLICY ANALYSIS

INTRODUCTION

Mr. MURTHA. The Committee will come to order. Let me start the hearing by expressing my appreciation to the Institute for Foreign Policy Analysis for coming and sharing some of your experiences and providing a global overview of your concerns and what you see happening. We have had the Center for Strategic and International Studies—CSIS—up a couple of times and it made interesting predictions.

One of their scholars, as a matter of fact, predicted the Iraqi invasion, before it occurred. We depend on being able to meet the threat and spending the amount of money it takes to meet the threat. As we change the direction for the 1990's, it is a different threat than it used to be. We would be interested in your opinions about what is going on and what you think the threat is and any recommendations that you might make.

ISSUES TO BE ADDRESSED

Mr. PFALTZGRAFF. Mr. Chairman, may I thank you and the Committee for having us here to present our perspectives on security issues and on the emerging security and threat environment. I would like, if I may, Mr. Chairman, to set forth the areas that we would like to cover this afternoon first, and secondly to introduce the other members of this panel who will be participating with me.

First of all, Professor Richard Shultz, my colleague at the Fletcher School of Law and Diplomacy, will be speaking on regional and ethnic conflicts which we think is an important area that needs to be discussed as we look at the emerging security environment; and second will be Michael Moodie, who is senior staff member of the Institute for Foreign Policy Analysis and recently with the United States Arms Control and Disarmament Agency as Assistant Director for Multilateral Affairs and Dr. Jacquelyn K. Davis, Executive

Vice President of the Institute. Mr. Moody will speak about issues of proliferation which we also regard as being very high on the agenda in the threat environment that needs to be considered and Dr. Davis will be trying to draw implications from what we have to say for the types of force structure issues that may be of interest to the Committee.

That is the overall order in which we would like to proceed. We also hope that this will be as informal a presentation as possible and that you will feel free to interrupt with questions and observations.

I will proceed with a few opening remarks, if I may. The first is to suggest that there are a number of major questions to which we do not have answers and yet I think that we need to try to find answers as we look at the security environment in the world around us.

The first is, of course, what types of forces we will need for situations in crisis management which will exist across a very broad spectrum of contingencies and it is this broad spectrum of conflict that we may find ourselves engaged in over the next 10 to 20 years, perhaps in the near future, that we need to be concerned with. So a very important concern is crisis management.

The second is what will be the requirements for U.S. capabilities in regions where we have important of vital interests, and where our opponents may possess nuclear and other weapons of mass destruction. If I had to put on our threat agenda this afternoon what I regard as the single most important issue, it is how we are going to manage to bring military power to bear in situations that we may face in regions where we have key interests in which one of the regional protagonists in those conflict contingencies is in possession of weapons of mass destruction.

I am thinking of North Korea and I am very much concerned about Iran and Iraq, and we could speak about the Indian subcontinent and go around the world and speak about other contingencies that may face us. The main point I would want to emphasize in this regard is that we may be faced with a situation in which we will have drawn down conventional forces to such an extent that we will be left in regional contingencies in which one or more of those powers in the region possesses weapons of mass destruction in which we will have very little in the way of alternatives to respond to a crisis in that region.

My thinking in this area goes back to the 1950's, as I am sure yours does, Mr. Chairman, in the era of massive retaliation. In that time frame we faced a debate about what to do in the case of responses to local aggression in regions of importance to us. We eventually came to the conclusion that we could not exist in a world in which we had only the option of suicide or surrender, resort to nuclear weapons or do nothing.

WEAPONS PROLIFERATION

So what we face is a situation over the next several years in which we will have increasing numbers of states in various regions of the world in possession of weapons of mass destruction, in which we will need to have a variety of crisis responses available to us.

Therefore, I think that as we consider the overall force posture requirements of the next five, ten or fifteen years, we should keep in mind that this is the paradigm that I believe that we face, regional conflict, weapons of mass destruction in the hands of regional states in which, for example, what would we do in the case of a North Korea possessing nuclear weapons. How would we respond?

Do we want to give continued security guarantees to South Korea, whatever we do against North Korea? How do we do this without an adequate forward deployed capability? We need to look at our overall force posture in that regard.

We will talk more about the proliferation issue this afternoon. I would turn to another major and defining feature of the emerging security environment and that is that we see around the world increasing numbers of states, or shall we say failed nation states, situations in which there is political fragmentation. We are seeing the emergence of large numbers of new actors in various parts of the world in the form of states or in the form of whatever arises out of the ethnic conflicts of the world.

So the world of the future contains a large number of actors in regions where there were no such actors in the past, in the aftermath of the Soviet Union and Yugoslavia, and perhaps in other parts of the world. My point is that if you take as the point of departure a world of political fragmentation superimposed upon a world of proliferation of weapons of mass destruction you have a highly volatile mix in this threat environment. That is the way in which we need to look at the world of the next five to ten years. I suggest we may even reach a situation in which we have regional actors coming out of this politically fragmented setting in which some will be in possession of weapons of mass destruction.

The most immediate example is in the former Soviet Union. We do not know what the outcome of the current situation with regard to Ukraine will be with respect to its nuclear capability. The ultimate problem of this situation of course would be ethnic conflict fought with weapons of mass destruction, and that perhaps is far out into the future, but it is a threat environment that we will have to be concerned with as I see it.

So there are several major features here. Weapons proliferation, a situation in which we have large numbers of actors as a result of political fragmentation, and a situation in which more and more actors will be in possession of weapons of mass destruction.

We also have a situation in which we will have increasing numbers of states and other actors in possession of weapons not necessarily of mass destruction, and Mr. Moodie will talk about this but weapons that may be of a non-apocalyptic nature, capabilities that are conventional, submarines being a case in point.

There are other examples that we could draw of such capabilities that are going to be more widely dispersed and therefore available in regions in which we will have to be able to project and maintain and deploy our military power. This coincides, as we know from the operation in Desert Storm, with what has been described widely as a military technical revolution.

In fact, the way in which operation Desert Storm was fought differed as dramatically from the way World War II was fought as World War II did from the way World War I was fought. We are on

the verge of a technological revolution in military capabilities which is added to this highly volatile environment in which we find ourselves.

I am not here to define American interests in this world. I would only say as a very broad point of departure for our discussion this afternoon that we in this increasingly volatile security environment need to develop the types of military capabilities that will allow us to protect the United States itself.

Secondly, we need to develop and maintain capabilities that will allow us to protect friends and allies in regions of vital importance; and thirdly, we will have to maintain capabilities for operations in various peacekeeping or peacemaking or collective security operations.

With those brief introductory remarks, I would like to turn to my other colleagues for remarks on some of these issues in somewhat greater detail. The second presenter in the series will be my colleague, Professor Richard Shultz.

REGIONAL CONFLICT

Mr. SHULTZ. What I thought I would do is to build on some of Dr. Pfaltzgraff's comments and to look at the question of regional instability and regional conflict and why it has escalated. I would note that by 1991 this fact had been reflected in the Pentagon and in the national security strategy which talked about a fundamental change in how the United States would look at its security issues in the world from global to regional.

Now, it is easy to say but once you make that transition, then we face what I would argue would be a complex reordering of policy and strategy as relates to these regional security issues. Three questions: one, what is it? What is this regional instability that everybody seems to be talking about?

I will try to zero in on some of what I think are the principal causes.

Secondly, briefly raise the question should we care, do we have any interest in various regions of the world that would dictate a need for military capabilities. I think we do.

Third, how to solve this, in effect, roles and missions of the services. I would like to identify a couple of new missions that I think are pretty important for the DOD and where some work needs to be done.

In terms of what are the sources of regional conflict, it is a lot more complex than the kinds of sources of conflict we looked at in the past because that was principally the Soviet Union and spin-offs from the Soviet Union.

But today regional conflict is taking many forms and I would propose that among the most complex and difficult will be ethnic and religious conflicts. The world has been forced, by recent events, to reexamine ethnicity and religion as causes of conflict. This runs against our traditions and ideas in the West that somehow rather than assimilation, places are coming apart; rather than secularization, religion and other ascriptive factors are what is motivating individuals and causing conflict.

This is not new. However, I would say that there are several reasons that caused its escalation. One is the dissolution of the Soviet Union. The Soviet Union was a multi-ethnic empire. Many in the West didn't see it as such. We saw it as the Soviet Union, some kind of nation state. When that came apart it let loose ethnic forces and those ethnic forces are potentially sources of great conflict in the future. Ethnonationalism it is called. We see similar trends in the former Communist states of Eastern Europe, states that we thought somehow since they had been established as states they would forevermore exist as states.

But they are breaking apart and there are ethnic elements in there that take their ethnicity and their religious background serious enough to fight and die for.

Another reason for this rise in ethnic conflict is the end of superpowers, the ability of the superpowers to keep these things in check.

Another reason is the fact that many states in the Third World are artificial. These were created by colonialism and kept in power by authoritarian dictatorial regimes and some of those are coming apart. As this happens, we see a rise in the importance of ethnicity and religion motivating groups, factions and peoples. It is taking the form of conflict that is not just serious, but it is extremely violent.

CHARACTERISTICS OF CONFLICTS

I thought I would identify a few characteristics of these conflicts. First, they tend to be zero sum, the sides that are involved don't seek compromise or conflict resolution or some kind of nice negotiation, the sorts of things that we think motivate politics as a possibility. They see it as a we/they, us/them situation.

Secondly, these conflicts are very personal and the forms of violence employed tend to be indiscriminate and cruel. You watch and keep in touch with what is going on in Yugoslavia. That is not the only place. You tend to see fanaticism and extreme forms of behavior, atrocities. Such situations are protracted. Because they are zero sum they are drawn out. They can go on for a long time and some have and will into the future.

The military equipment used now ranges from crude to modern conventional, but as Professor Pfaltzgraff said, it is likely that in the future some of these movements and groups and factions will have weapons of mass destruction. So ethnicity and nationalism or ethnonationalism is very much on the rise and today many ethnic groups seek independent nation state status and not simply autonomy within existing regions.

This form of nationalism is different from our own. We think of American nationalism as an assimilative process. This form of nationalism looks at nationalism based on a description, whether race or language or cultural background or whatever. For example, the former Communist states in the former Soviet Union, there are several ethnic conflicts that are taking place and several more on the horizon. This is true also in the East European Communist states and it is happening in many parts of the Third World where

ethnic and religious elements seek their own independence and are willing to fight for it.

Into this mix you have to throw religion, another uncomfortable fact for us. The notion that religion is motivating and influencing politics runs counter to our way of thinking. Back in the late 1970s, Iran fired the first shot in terms of religion being an important motivator in regional conflict and since then Iran has been very active in trying to promote its form of Islam in the Middle East and Southwest Asia. Iran and Tunisia are providing assistance and training to Islamic factions in Egypt, Jordan, Algeria, Tunisia and in Israel, also.

I think religious fundamentalism as a cause of conflict is going to continue into the future.

I will give you three reasons why. Algeria could easily become an Islamic state. They are in a state of martial law now. If Algeria goes Islamic, it will destabilize the whole North Africa area.

Second, Sudan and Iran have over 20 training camps in Sudan training Islamic elements in paramilitary tactics in order to go to places like Egypt and carry them out. Look at what is going on in Egypt now. Egypt's economy is being seriously affected by terrorist acts.

Finally, India, which is, we thought, the model of a multi-national, multi-ethnic state, is bordering on a religious war between Hindu and Islamic elements. That is what I see as the causes.

These are the major causes but they also link to a number of other developments in various regions of the world that we have to be concerned with.

I want to piggyback on what Dr. Pfaltzgraff said. What if ethnic and religious elements like the ones described, what if they acquire advanced weaponry? What does that mean in terms of regional instability that escalate the possibilities of conflicts?

Another interrelated cause is the fact that you see with the removal of the superpowers' competition among states in various regions of the world that have ethnic and religious tinges. Iran is embarked upon a major military buildup.

Why? I would speculate they seek to dominate the Gulf area. So that is a second related cause and there are others that I could touch on. I see this as part of an environment, a regional security environment that is extremely complex. We don't know a lot about it. We certainly have not prepared for this sort of thing and it is what the future holds.

INTEREST OF THE UNITED STATES

The second question I said I would raise, should we care? To be honest, should we care that ethnic wars are raging in certain regions of the world? Some say no. Some argue we should look inward and, anyway, none of these threaten us in the way the Soviet Union did, so who cares. I would propose that that is not a good measure of the way you should look at these issues.

In my mind, there are many interests that we have in the Middle East, in the North Pacific, and elsewhere in Europe and in the former Soviet Union, and that those interests will be threat-

ened if ethnic conflict continues and if we are not prepared to assist in defending those interests in certain places.

For example, shouldn't we try to do something about proliferation? What if Iran develops nuclear weapons? Is that something we need to worry about? It is something the Saudis and Gulf States worry about?

But right now it does not threaten our interests the way the former Soviet Union did, so many would say don't worry about it. I would propose and I can sketch what many of those interests are and how ethnicity and religion and proliferation and attempts by states to gain dominance in different regions of the world will affect those interest—they will. So we need to be engaged.

What does that mean in terms of our policy and strategy? I believe that the U.S. armed forces have to undergo some new thinking.

Now, what does this mean? It doesn't mean that they should give up some of their traditional roles. There are those who would say that the old roles and missions should be thrown out. I don't agree.

ROLES AND MISSIONS OF MILITARY

The traditional mission of the military is war fighting and they have to continue war fighting, but I want to mention non-traditional missions that I think the military needs to pay attention to, and the Pentagon needs to develop policy and strategy for. One, of course, you are familiar with is peacekeeping. We need to pay more attention to peacekeeping operations and what we can contribute to those. It shouldn't simply be a sideshow, something we have to focus on.

Second, peace enforcement. In some of these ethnic conflicts the combatants aren't going to mutually agree to separate. They are going to keep going at one another and it may be that the United States with a multilateral arrangement will get in the middle of that. So we have to think about what does peace enforcement mean in terms of how you intervene, what kind of ground forces or air forces you need, et cetera.

We conducted a peace enforcement in Somalia—easiest case. Easiest case in terms of some of the ethnic and tribal wars that we are seeing. Yugoslavia, a much different story. So, peace enforcement.

A third mission is what I would term post-conflict reconstruction. One of the big issues in Somalia is going to be what do you do after you separate the fighters? The easy peace was separating people shooting at one another. The difficult peace is how do you reconstruct that and is there a role for military there. I say there is. There are important things for them to do. One in particular is how do you restructure the security forces in a post-conflict Somalia so that there are not a bunch of thugs going around robbing people but support some kind of legitimate government.

Disaster relief, a fourth mission. These are new. There has been some resistance in the Pentagon to adopting these new missions because they feel their traditional war fighting capabilities will be threatened. We need both. We need to be able to fight war when it comes and we need to think about new ways to use military forces.

I propose that in the Pentagon, perhaps the office on the leading edge of this is the Assistant Secretary of Defense for low intensity conflict and special operations.

Thank you.

Mr. PFALTZGRAFF. Our third speaker will be Mike Moodie.

MILITARY TECHNOLOGIES

Mr. MOODIE. As if the situation outlined by the first two presentations isn't complicated enough, it gets worse. I would like to focus on how the diffusion of advanced military technology and the proliferation of weapons of mass destruction complicate the strategic environment that has been outlined. I think it does so in three ways.

One, the balance, the regional military balance or a bilateral military balance itself, a particular weapons program or a program for a weapon of mass destruction can become an issue of contention in situations of potential tension. One good example is that the North Korean nuclear weapons program in many ways over the last 18 months has been the stumbling block to the process of north/south reconciliation and its move to reunification.

So by introducing new military technologies, you introduce new reasons for states that don't like each other to like each other even less.

Secondly, the new technologies will shape the kind of conflicts that emerge in a given region. We saw that during Desert Storm when certain technologies, in this case ballistic missiles, changed in essence the value of territory and distance to the security of a particular state. By introducing this technology, all of a sudden Saudi Arabia and Israel had to make some new calculations with respect to how they viewed their military relationship with Iraq.

Thirdly, these new military technologies, by having an impact on the environment will have an impact on the decisions about U.S. military forces and how they will not only be used, but about their size, their shape, deployment, equipment, logistics, operations, matters of direct concern to this committee. We can't in a short presentation go into all the details but I would like to highlight some of the important trends that lead to concerns I think are of greatest interest to the committee.

First of all, looking at the diffusion of military technology short of weapons of mass destruction, on the one hand, the positive side, we have seen over the last several years that the Third World is not the bustling arms bazaar that it once was. In 1989 there were something slightly over \$33 billion worth of sales into the Third World.

By 1992, that level had dropped to \$24.7 billion, a significant drop, but still a significant level of activities. Beyond this though there are some trends of continuing concern if you look at respective regions.

In the Middle East you have a situation where almost everyone perceives a threat from everybody else, almost any scenario for conflict is credible. In that situation you have major U.S. arms sales to Saudi Arabia and Kuwait, other major arms sales from others to other actors in the region. You have the recognition of

the need for offsetting sales to Israel in this context, President Clinton's pledge to Prime Minister Rabin to maintain Israel's qualitative advantage over its neighbors.

Professor Shultz already mentioned Iran's drive for increased capabilities, including its recent purchase of Russian submarines.

In East Asia you have a situation described in *The New York Times* as an uncertainty and anxiety that has set off a colossal shopping spree for arms leading to a situation that if current trends continue by the end of the decade East Asia will be the most heavily armed region in the world.

You have Indonesia buying one-third of the old East German navy, posing significant implications for the future of the maritime traffic through the straits that Indonesia controls. You have Malaysia creating a bidding war among suppliers to supply it with advanced fighters. It is only one of several countries in the region with double digit defense budget increases. Japan, the only industrialized country in the world with an increasing defense budget, soon to exceed any defense budget of any West European ally. Taiwan recently buying 150 F-16s, French fighters, submarines, ASW helicopters, naval vessels certainly with its concern about the future military capabilities of mainland China.

Some of this in East Asia clearly is a modernization of inventories that needed replacement, but it is not simply refurbishing. There is an emphasis on improving offensive capabilities, as well. One could explain the trend as a result of the fact that this region is the area of the highest economic growth. Therefore, they have the resources to pay and as a result they have the capability to buy some of this equipment. But I think it goes back to the comment that with the end of the Cold War, with the demise of the Soviet Union there is uncertainty and anxiety in East Asia created by a number of unresolved potential conflicts that have set off this creation of a new military environment in the region.

But it is not just the overall trends that are of concern, but also the more specific nature of the technologies that are being introduced or that are being pursued. For example, 14 Third World countries now operate communications satellites. Five more are planning to do so.

CRUISE MISSILES

With the availability of the commercial spot technology, GPS technology, to improve guidance capabilities, you have an increased capability in that regard. I saw a figure that over 100 Third World countries are involved in some form of space research, some of it with a potential for military applications. Cruise missiles, approximately 66 countries are reported to have them in their inventories. They are less expensive to buy given that there are a large number of suppliers, relatively easy to maintain and operate even in harsh environments, and in addition to being a formidable capability of its own right which could become more significant with improvements in range and accuracy as a consequence of improved guidance——

Mr. WILSON. I am sorry to interrupt. I must have misunderstood you. You didn't say 66 countries have cruise missiles did you?

Mr. MOODIE. Yes, sir. The source of that is a report from I think the Strategic Defense Initiative Office.

Mr. MURTHA. What is your definition of a cruise missile?

Mr. MOODIE. Aerodynamic rather than a ballistic trajectory, one that requires propulsion as opposed to a ballistic capability.

Mr. WILSON. It's hard to believe that there are 66 countries with that capability.

Mr. MOODIE. I would be happy to provide the information as I found it.

Mr. MURTHA. Do you have a list of countries?

Mr. MOODIE. Not with me, but I would be happy to provide that information.

Sixty-six countries are reported to possess aerodynamic missiles [the most common aerodynamic missile is the cruise missile], compared with only 23 with guided ballistic missiles. Cruise missiles are generally less expensive to buy, and the fact that they can be readily placed in canisters makes them particularly easy to maintain and operate in harsh environments. Moreover, most countries with ballistic missiles in their inventories first bought and deployed aerodynamic missiles. Thus, in addition to being formidable weapons in their own right, aerodynamic missiles may be a harbinger of things to come * * *

The essential problem is that much of the technology for aerodynamic missiles is relatively simple and has been proliferating for decades. The technology flow for aerodynamics missiles incorporating a cruciform tail is a two-sided transfer: 1) old technology is being franchised out or reserve-engineered by countries with the ability to proliferate and improve it, and 2) the transfer between the major European and U.S. supplies is becoming intensely competitive. * * * Sixteen countries produce aerodynamic missiles with ranges equal to or greater than 30km, and 66 additional countries have purchased them from one or more of these producers.

[See chart which follows:]

AERODYNAMIC MISSILE SALES

<u>Seller</u>	<u>Customers</u>
Soviet Union	Algeria, Angola, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Egypt, Ethiopia, Finland, Hungary, India, Iraq, Libya, North Korea, Poland, Romania, Somalia, Syria, Tunisia, Vietnam, Yemen, Yugoslavia
United States (primarily Harpoon)	Australia, Brunei, Canada, Denmark, Egypt, Germany, Greece, Indonesia, Iran, Israel, Japan, South Korea, Kuwait, Netherlands, Pakistan, Portugal, Saudi Arabia, Singapore, Spain, Thailand, Turkey, United Kingdom, Venezuela
China	Bangladesh, Egypt, Iran, Iraq, North Korea, Pakistan, Thailand
France (primarily Exocet)	Argentina, Bahrain, Belgium, Brazil, Brunei, Cameroon, Colombia, Chile, Ecuador, Egypt, Germany, Greece, Indonesia, Iraq, India, South Korea, Kuwait, Libya, Malaysia, Morocco, Nigeria, Oman, Pakistan, Peru, Qatar, Singapore, South Africa, Thailand, United Arab Emirates, United Kingdom
Italy	Egypt, Iraq, Libya, Kenya, Nigeria, Peru, Saudi Arabia, Venezuela
United Kingdom	India, Oman, Saudi Arabia, South Korea(unconfirmed)
Israel (primarily Gabriel)	Chile, Ecuador, Kenya, Singapore, Taiwan, Thailand

OTHER INDIGENOUS MISSILE DEVELOPERS

Brazil, Iraq, Japan, South Africa, Taiwan

Source: Adapted from Ballistic Missile Proliferation: An Emerging Threat, Systems Planning Corporation for the Strategic Defense Initiative Organization, October 1992, pp. 81-91.

Mr. WILSON. Do you know where they buy them?

Mr. MOODIE. From a lot of people. My next point I was going to talk about submarines. This is based on information that I have looked at. Forty-one navies operate over 400 submarines, 48 navies have cruise missiles. I am happy to provide the sources. There are more than 2,000 Exocets and over 2,000 Styx missiles in Third World inventories.

Mr. WILSON. Are you calling on Exocet a cruise missile?

Mr. MOODIE. Yes, sir.

Mr. MURTHA. So you are talking about maybe a dozen or something like that or are you talking about an arsenal of cruise missiles.

Mr. MOODIE. Depends what number you would put as an arsenal. In some cases I think the inventories are relatively small.

Mr. WILSON. What is the range of an Exocet?

Mr. MOODIE. I can't tell you off the top of my head, but I can find out. It is a short range missile.

Ms. DAVIS. Sea-launched as well as air-launched missiles to go, to your point about Air Force inventories. The cruise missile proliferation issue is one issue that has been somewhat diffused and hidden by the discussion we have had on Scuds and ballistics missile proliferation. The cruise missile proliferation issue I believe is the issue of greatest concern in the proliferation context into the 21st century, an issue which has just been pointed out by a new architecture study commissioned by the previous Bush administration, updated by the Aspin administration in the Pentagon by Ted Gold or John Deutch's office who had his nomination hearings yesterday, indicating that this is a problem that we need to pay particular attention to.

Mr. WILSON. Would you consider TACM's to be a cruise missile?

Ms. DAVIS. No.

Mr. WILSON. Why would TACMs be different than an Exocet? They have the same range.

Ms. DAVIS. Different kinds of propulsion technologies and ATACMs is not an air breathing system.

Mr. PFALTZGRAFF. A cruise missile is an air-breathing missile that flies basically at the speed of a commercial aircraft.

Mr. WILSON. A cruise missile by your definition, might have a range of 10 miles?

Mr. MOODIE. Yes, sir. I said nothing about the range. What I think one of the problems is though as guidance capabilities increase, they are going to have the ability for longer range cruise missiles, as Dr. Davis said, over the next several years. At this time they are relatively short range.

Mr. WILSON. When you are talking about cruise missiles to this Committee, we are talking about 1500 miles.

Mr. MOODIE. These are not that capable.

SHIP SELF DEFENSE

Mr. MURTHA. This Committee has had a great concern about ship defense. As a matter of fact, we have told the Navy to develop a better individual ship defense. We know when we have the Aegis cruiser out there they do pretty well. We have a concern, but I

didn't have any idea that we had that many countries with that kind of capability.

Ms. DAVIS. You probably know from the closed testimony from the Navy that they are working on a program called Cooperative Engagement in which part of the program is addressed to this cruise missile threat and it might be interesting for your subcommittee to have a briefing from the Navy on updating the Cooperative Engagement.

Mr. MURTHA. It is interesting because I forced them to do this program and they fought me for two or three years on this issue. I have also been in the forefront trying to get them to do a better job at stealthy cruise missiles in particular, because that is obviously the next step.

Ms. DAVIS. Low radar cross-sections, better guidance technology coupled with GPS and satellite-guided systems.

Mr. MOODIE. The thrust of the point about cruise missiles relates in the context that Professor Shultz and Dr. Pfaltzgraff talked about, the issue of the question of the role and operations of U.S. forces in particular kinds of conflicts where these increased capabilities are potentially on the other side and how is the United States going to respond. One of the most significant areas in this regards is shallow water Navy operations. I think your emphasis on the Navy doing a better job in this regard is right on target.

Mr. PFALTZGRAFF. Relatively short-range cruise missiles can be highly effective in inshore environments. We don't need to talk about 1500 mile ranges. We collectively can be talking about very short range systems in the setting.

Mr. MURTHA. This is the most important vulnerability that the Navy has to address at this stage.

Mr. SHULTZ. If you piggyback on the problem of black market arms, this is another area that we need to study, there is going to be a lot of existing inventories from the former Soviet Union and former East European countries and some of that is going to be on the black market available not just to states but to groups.

Then if you factor into that what I suggested earlier what the nature of some of these regional conflicts will be, like the fact that in many ways they are no-holds-barred conflicts, you can see the problems that potentially we have to be thinking about.

ARMY REQUIREMENTS

Mr. WILSON. We have spent so much time on the battlefield, the biggest need the Army thinks they have right now is anti-missile battlefield, anti-missile defense, Patriot-3, Erint. When you talk about 66 countries with cruise missiles, presumably those systems would be effective against all 66.

Ms. DAVIS. Patriot-3 has an anti-cruise missile capability, but it can't do both an anti-aircraft, anti-cruise missile or an anti-ballistic missile shot at the same time. It has to dedicate itself to one or the other mission.

Mr. WILSON. Can't it be programmed on the battlefield for any mission?

Ms. DAVIS. It can be programmed to be changed but not instantaneously. You would have to make a decision beforehand because of

software considerations whether you are going after the cruise missile threat or the ballistic missile threat in the Patriot upgrade. Some of the new systems capability that the SDIO organization is looking at——

Mr. WILSON. There are only three actively being developed, Erint, Patriot-3 and Arrow.

Ms. DAVIS. The Navy program, the standard missile 4 block 2 program, it is the Aegis standard missile upgrade, will have an anti-cruise missile capability coupled with the Cooperative Engagement connectivity fuser sensor data the Navy is developing in trying to mesh together in a broad architect linked to Air Force and Army access centers, linked to the Patriots and Air Force AWACS centers and linked to overhead assets, the DSP satellite systems. So the Navy is going for that capability in its Aegis upgrade program. This is part of a program now being funded by the SDIO organization as it revamps itself to emphasize the theater threats.

The Army has a program under SDIO called CORPS SAM which is dedicated to an anti-cruise missile capability, Scud-kind of threat. It is a CORPS SAM, an Army program but funded by SDIO again.

Mr. WILSON. I get the impression that the Arrow missile is purely a stratospheric deal. So it probably would not be effective against——

Ms. DAVIS. No; that is an anti-ballistic missile capability.

Mr. WILSON. How about Erint?

Ms. DAVIS. Erint also will be an exo-atmospheric intercept capability, so that will not have anti-cruise missile capability either.

Mr. WILSON. We are developing the Navy standard missile and Patriots, and Patriot-3?

Ms. DAVIS. The Navy Cooperative Engagement radar will have the capability to look at anti-cruise missile technology. That is open now because the Navy revealed that in Brussels at a conference I was at in November. That was formerly a classified fact. You probably need to get an indepth briefing from the Navy about the parameters. By the way, Mr. Wilson, that is one of the problems that many people have suggested that the SDIO program needs to address much more seriously than it has in the past. It has been so focused on the ballistic missile threat that there is concern that some of the new air-breathing threats that we are facing in this new world order into which we are entering are not being addressed.

Mr. WILSON. I am shocked because this Committee has been extremely generous in funding Arrow, Erint and Patriot-3 and finding out there are 66 countries out there that they don't count——

Mr. PFALTZGRAFF. Patriot-3 will have the capability.

Ms. DAVIS. It will count. You just have to make a decision which software you put in.

Mr. WILSON. I am a champion of Erint.

Mr. McDADE. What about systems like Hawkeye? What about the AWACS connected into a series of missile arms?

Ms. DAVIS. This is one of the aspects of the Navy's Cooperative Engagement strategy to link the Hawkeye——

Mr. McDADE. Will it take care of an air-breather coming in at commercial speed?

Ms. DAVIS. Some will see it, but not all can link it to the shooter.

Mr. McDADE. Can AWACS link it to the shooter?

Ms. DAVIS. The AWACS potentially can link it to the shooter, but right now the Air Force is saying that to put more equipment on, it will make it heavier and we have to make choices what we are looking at. It can link but right now it does not.

Mr. McDADE. What about the Hawkeye?

Ms. DAVIS. The Hawkeye can because that was developed for a sea-skimming kind of mission.

Mr. MURTHA. That is not against low observables?

Ms. DAVIS. That is right and that is your future—

Mr. MURTHA. That is the problem. The Navy paid more attention to it last year. We felt three years ago it was the biggest threat. We started stressing it, they took it out of the budget, they didn't follow our advice. I think now they are and I think we are making progress. Go ahead.

ARMS PRODUCTION IN THIRD WORLD

Mr. MOODIE. A problem that is growing that goes beyond the ability of states to buy this stuff is their ability to produce it themselves. In 1950 the Third World's own defense industries produced something—only about \$2 million worth of defense goods. In 1984 that number was \$1.1 billion.

I have not seen a further number but I would say it will be higher still. Between 1978 and 1988, the Third World accounted for some \$50 billion in arms exports. Compared to the major producers, that is not—probably not terribly significant but it is important with respect to where their supplies are going and potential niche markets, as well. You have an example with North Korea, which seems to be willing to sell its Scud modifications to anyone with money to pay, some of whom are not going to be our friends. There is also a trend toward improved quality.

China has now offered, for example, fuel air explosives to people who want to buy them. As I have seen it, there are at least six developing countries doing research and development on composite materials, five on fiber optics, three on micro electronic circuitry, two on computational fluid dynamics, hypervelocity vehicles—what you are seeing an improved defense research and development capability within the Third World at the same time that the trends in terms of the relationship with suppliers is one in which not only are the Third World countries interested in acquisition of finished systems, but their increasing demand for technology to engage at least to some extent in production of that equipment themselves.

Turning to the question of proliferation of weapons of mass destruction, CIA Director Woolsey in recent testimony to the Senate Government Affairs Committee mentioned that overall more than 25 countries, many of them hostile to the United States, are engaged in attempting to or already perhaps have developed nuclear, biological and chemical weapons and the means to deliver them. He was not specific about the number of countries engaged in the

nuclear weapons programs, calling them numerous, naming Iraq and Iran specifically.

With respect to CW, Admiral Brooks, the head of Naval Intelligence, identified—mentioned that there were 14 Third World countries pursuing offensive-oriented CW programs. I think it is legitimate to ask how many of those programs are militarily significant, the answer to which depends in part on whom the weapons will be used and that will also depend on the degree of protection that a target might have. Iraq's chemical capabilities against Iran did have an impact. Iraq's capability against well-protected forces like those of the United States would be significantly downgraded.

There is the question of the impact of the new chemical weapons convention, and that remains to be seen given that they are only now in the process of defining procedures for implementing the convention. But of the 14 CW programs, clearly some states engaged in those activities have signed the CW convention, and if they ratify it, when it goes into force, they will clearly have to declare their past or current programs if they are not to be in violation of the treaty. India and Pakistan, for example, were identified by then CIA Director Gates as having CW programs. Both have signed the CWC.

There are, again, according to Admiral Brooks, 11 BW programs which could be in some ways the proliferation problem for the next decade given the revolution in bioengineering, the relative ease with which novel, highly virulent agents can be created. BW probably has a narrower military application than CW, but it also may be more militarily significant given the lower level of investment needed, given the lower visibility, hence the lower detectability of illicit activity.

I think that it is noteworthy that the United States or at least the Bush administration maintained the position that the Biological Weapons Convention was not verifiable.

With respect to ballistic missiles, 22 countries now have ballistic missiles, 13 have programs to design and build them. They clearly add a new level of capability, but at the same time, I think at least for the moment given the relative inaccuracy of many of the Third World ballistic missile forces, their small size and limited payloads, many of these ballistic missile forces in the Third World, to my mind, create a capability that is susceptible to exaggeration.

At the same time, I think that situation could change relatively quickly given the work that seems to be going on in areas of increasing accuracy of ballistic missiles, improved propulsion and improved warhead technologies.

What are the policy implications?

I think that it is clear that the competitive accumulation of these capabilities is changing the calculus with respect to military balance, the acquisition of high leverage military systems whether of a massive destruction character or more traditionally conventional upset competitive relationships.

I would note the relationship between Iraq and Israel, the introduction of ballistic missiles by Iraq. Another example, one that is very real to the Europeans, is their worry about becoming a target for systems based in North Africa.

Since this technology provides only a transitory advantage, we may be in situations if there is reason for conflict that incentives could be created for that advantage to be exploited before it disappears. Second, I think the diffusion of advanced military capabilities will shape the decision about whether to intervene in the Third World or not, whether on a bilateral, multilateral, unilateral basis, whether invited or not.

In some cases the prospect of proliferation itself could be a stimulus to consider intervention. The Israelis certainly had no hesitation with the reactor in Iraq. I think it is a relevant question to ask whether we have a military option for dealing with the proliferation of nuclear weapons in North Korea. At the same time, the diffusion of this capability will increase the risks of intervention.

I have mentioned shallow water operations. The proliferation of space-based surveillance and imaging systems into which Third World states could now tap, could reduce the likelihood in the future of surprise, either locally or even in staging sites which could become targets for longer-range capabilities.

Some of the areas of emphasis in U.S. defense programs that to me, at least, are suggested by these trends would include the following, bolstered intelligence capability to more closely watch and evaluate the trends, improvements in protective measures against biological and chemical attack. I think a careful look at the protective programs by this committee would be extremely valuable.

Stealthiness, shallow-water ASW, firepower that delivers early, accurately and massively and, as the discussion indicated, mobile and cost-effective theater missile defense.

I would close with a final caution, that in making the decisions about the forces, the decisions that you will have to make, there are two important dilemmas that have to be kept in mind on the policy level. One is that the continued commitment to a technologically superior force will create friction between the United States and the leading states of the Third World who continue to decry an American attempt to continue the gap between north and south. In dealing with the proliferation problem in particular, a singular emphasis on nonproliferation, in my mind, could result in the alienation of Third World states whose cooperation will ultimately be essential if we are going to get a handle on the problem.

The other dilemma is that the concern about the prospects for regional conflicts and the ability of the United States to intervene when fundamental issues are at stake creates friction with the continued pressure to sell arms overseas in periods of difficult economic times domestically.

To my mind, some way—and I don't have the answer to this—must be found to reconcile the equally valid national security concerns of using foreign sales to help U.S. industry and maintain a healthy defense industrial base, and at the same time constraining the continuing diffusion of advanced military technology, some with massively destructive potential into regions of potential conflict that would ultimately work to the disadvantage of U.S. interests.

Thank you.

MILITARY MISSIONS IN FUTURE YEARS

Ms. DAVIS. Mr. Chairman, I would like to in light of the foregoing broad brush stroke of the emerging security environment, to try to tie together some of the issues that you as a Committee and you as Congress will be facing, the issue that you will have to deal with, specifically relating to matching ends to means or tailoring resources, budget funds and forces, equipment and personnel, to those missions that U.S. military forces are likely to be called on to perform in coming years.

First, it is clear that U.S. forces increasingly will be called upon to participate in humanitarian assistance and peacekeeping/peace-making operations either on their own, or more probably under U.N. or other regional auspices, in which case U.S. forces will be required to operate, probably on an ad hoc basis, with traditional allies or key regional partners. In either case, U.S. forces will be forced to carry the burden of mission implementation in key areas such as transport, communications, intelligence and possibly in specific combat skills, like, for example, precision strikes or forced entry capabilities.

We will be required as well I believe to rethink our basic assumptions about force structure mixes, including what is the best combination, for example, of heavy and light forces, and the need to redefine, in some instances, service roles, as is the case relative to close air support, battlefield interdiction and air/missile defense. For example, in planning for a contingency in which Iran or Iraq may oppose U.S. forces, Heavy army divisions having their own organic logistical tail and air mobility assets will be key to the ground combat effort, which raises the priorities of sea-lift capabilities and logistical infrastructure and depot considerations, which may argue the case for a continued forward presence in Europe, which raises political questions about whether after 1994, for example, the Germans will allow us to maintain deployments on German soil and the future of the NATO alliance.

With its new emphasis on regional security planning the United States needs to keep up-to-date air and sea-lift capabilities, command and control asset capabilities and intelligence assets, all of which on the equipment side offer to provide more force multiplying efforts for coalition and U.S.-only planning. Just as important will be the netting together of intra-service systems, with a greater emphasis on joint operations, and the fusing together of U.S. and allied sensor and communication links to make our forces more interoperable with those of allies and key regional partners.

In certain environments, new mission concepts, like theater missile defenses, will become even more important, including the requirement to defend against cruise missiles, which are also proliferating widely, as we discussed, and which may become as worrisome, if not more so, than ballistic missiles during the 21st century. This is not to argue for the creation of expensive new programs, but to utilize more effectively existing assets such as the upgrading of the Navy Aegis system and the netting together, for example, of the Aegis with the Patriot radar and the Air Force AWACS assets to solve more creatively the defense problems that the emerging security setting will present to us.

The new world order will also require us to think through new paradigms for the peacetime operation of forces, in part to promote traditional U.S. foreign policy and national security objectives, but also to maintain influence in regional security debates, where, for example, the on-station presence of U.S. forces could help to shape the security environment in regional settings in positive ways. U.S. forward-deployed forces have helped to convince regional actors and allies of U.S. will, and have provided an important deterrent effect on friends and foes alike. For example, manifested clearly in the formal extension of U.S. security guarantees that in the past have reassured allies, and therein contributed to nonproliferation, case in point Germany and Japan for example, and served as a warning to the more rational of our potential adversaries that we mean business.

For this reason, our Asian allies often say that U.S. presence in general stands out as the most effective confidence building measure, bar none, and we ought to bear this in mind when contemplating adjustments to forward deployed presence in the region.

Yet, in the future, we also may not have the luxury of such an extensive forward basing infrastructure. This raises the issue of funding, for example, the United States Air Force concept of global power/global reach CONUS-basing concept, and/or the Navy/Marine Corps concept "from the sea" "expeditionary architecture" which is based on the forward deployment of naval assets, organized in some instances around a CVN battle group, but also around smaller task forces adapted to the specifics of the particular regional security environment. So, too, the forward basing issue raises the question of how best to posture Army assault units, given that peacekeeping requirements will inevitably demand ready ground forces that are rapidly deployable.

With the demise of the Soviet threat, there is much that the United States can do to restructure its forces, and the Services are trying to do this by emphasizing joint procurement, joint training opportunities and, where feasible, logistical infrastructure considerations. The problem has not been that they have not gone far enough—as Chairman Dellums seemed to suggest yesterday—but that the services are tied to a force infrastructure an platform deployments that cannot be discarded. Perhaps in a utopian world we could start from scratch to design our force structure, but this is not our current reality. Thus, the issue for you is how to exploit our existing assets to meet the challenges of tomorrow while at the same time selectively investing in new "leap ahead" technologies that will remain vital to maintaining the U.S. edge.

In no area will the challenges be more great than in the area of nuclear weapons policies. does deterrence as a concept still have a role in the post-Soviet world? I would argue that it does, but in a different way and based on a much broader set of instruments to include conventional strategic assets like the Tomahawk cruise missile and positive and negative security guarantees from alliances, ad hoc coalition creation, sanctions and perhaps in some circumstances compellance options, like preemption.

On the Russian side, I think that it may be years before the situation in the former Soviet Union shakes out; and it is likely that for the time being the Ukraine will opt to retain control over its

strategic nuclear weapons, largely as a level with which to bargain with Russia, but also an instrument to wield influence in its relations with the Western industrialized world to gain greater aid, for example. What this is likely to mean is a grater resistance on the part of the Russian Republic to implement the START I and II reductions, and for this reason, as well as for strategic rationale having to do with the Russian new military doctrine, which, by the way, continues to emphasize nuclear weapons holdings both to deter China and the U.S. and as a component of regional security strategy. For these reasons it would make little strategic sense for the United States to dismantle its entire deterrent arsenal at this time. In fact, the imperatives for refining our thinking about deterrence to include, for example, conventional strategic assets, are hard to dismiss.

In terms of force posture, therefore, it would be prudent to retain the Trident system as the keystone of our deterrence insurance posture, numbers and loadings may be variable, with CONUS-based manned aircraft, and for the time being, the ICBM assets that we comment to maintain, an important redundant strategic capability, in the case of the aircraft assets, a capability that could also be deployed or put on operational alert in a regional scenario to indicate U.S. resolve against, for example, the threatened use by a Saddam Hussein of a biological agent, which might become the threats of the 21st century. But the bottom line is that we need to rethink both the components of deterrence, and the process, of thinking about deterrence relationships in this new post-Cold War strategic setting.

Finally, as we look out into the future, I think it is clear that we will have to deal with a new category of threats to American interests, and this includes, as demonstrated by the World Trade Center, the terrorist threat against civilian as well as military personnel and structures, and the need to enhance our special operations capabilities against regional threats, including in the counternarcotics world and to gain clearer insights into the intelligence gathering process.

This is where, for example, I believe our SSN force, our strategic submarine force, may have an important future role, albeit in lower numbers than the Navy has proposed in the past, as do our space assets such as upgrading the DSP network and other information systems. Critical will be the need to develop enhanced "human assets", which in terms of the military will mean personnel incentives to keep morale high, especially at this time of pay freezes, the need to downsize—reduction in force (RIF)—people, the "gay" issue, bringing homosexuals into the force structure, and the continued lack of resolution of the issue of women in the services.

The changes that have taken place in the global strategic environment make necessary new ways of looking at forces' organization, from training to how we implement operations. There has been a revolution in training techniques and simulation technologies that need to be considered in the defense budget process, in part to make up for the lack of funds for training purposes, but also to facilitate joint planning and intra-service interoperability, and by extension coalition planning, as well as in response to the greater constraints on forces' deployments that we are likely to

face in the future, from restricted access to overseas facilities, to constraints on exercises and operational training regimes.

Mr. Chairman, if you have any questions for us——

PREEMPTIVE STRIKES

Mr. MURTHA. You mentioned preemptive strikes. Explain what you are talking about here. What is your recommendation here?

Ms. DAVIS. I am talking about, for example, in the case of a situation such as North Korea, where we may not be able to affect their nuclear weapons development program, where there may be a succession struggle in the future or the present premier's son may become the new chairman and adopt a much more militaristic position against South Korea, it may become necessary if we cannot get them to conform to international standards, to take out their nuclear weapons capabilities such as the Israelis did with Iraq in the Isirak reactor.

We need to think through other forms——

Mr. MURTHA. I agree with that. I said that to a group of defense writers not long ago, that I felt that had to be an option. A lot of people disagree. But if they ignore inspections, they will find every excuse not to let you inspect it. I feel strongly we have to meet that.

What was the reference made to Japan's defense spending?

Mr. MOODIE. It is the only industrialized country with an increasing defense budget.

Mr. MURTHA. What is their defense budget?

Mr. PFALTZGRAFF. It is just at 1 percent of the GDP of Japan and it is approximately \$45 billion. It has been increasing modestly, and of course the main point to be made here, and Mr. Moodie made this as well, Mr. Chairman, is that the NATO European defense budgets are declining, so that even if the Japanese defense budget had remained static and increased only relative to inflation, it would still be an increasing budget.

It follows a pattern in which you have an increasing defense budget in a country with an uncertain threat environment at the same time we are drawing down defense budgets in the Western world.

QUESTION OF MILITARY INVOLVEMENT

Mr. MURTHA. The basic theme I got in listening is that you feel we should intercede in a number of these overseas engagements. I have had serious reservations even about Somalia. I felt it was not a national U.S. security problem. We shouldn't get involved, and particularly if we are not willing to provide money for it as opposed to transferring funds from existing programs.

It is easy in a theoretical situation to say we want to get involved, but when you don't have the money or you are not willing to increase defense, yet you keep the tempo going at a higher rate, and you transfer defense dollars from various DOD programs to pay for the operations you are going to end up with a hollow force.

How do you see these ethnic wars spreading to influence a threat to the United States? For instance, take Bosnia. How do you see

that, what I consider an ethnic war, spreading and threatening U.S. security and finally forcing us to get involved?

Mr. SHULTZ. Right now if you look at the conflict, if you want to be Machiavellian one could say, Who cares that Bosnians are being slaughtered. It is not in our national interest. I tend to think foreign policy has to be based not just on national good but on conscience.

Put that aside, what happens if this conflict spills over into Albania? It could affect Greece or Turkey. Then you have a whole region being destabilized where the U.S. has some pretty important interests.

For example, Turkey. It is absolutely critical in the years ahead to the United States because Turkey looks to parts of the world where we have critical interests. Turkey looks to Europe, and Europe is important. Destabilization, if the conflict spills over, it affects Europe, but Turkey is our window into Central Asia.

Mr. MURTHA. I understand what you are saying. Intelligence analysts are beginning to recommend that it could spread to a wider war. They didn't this year at this time. The Center for Strategic and International Studies is saying the same thing. A lot of DIA people say the same thing. I don't see the relationship—if we believe it could spread, it seems to me we should station troops in Macedonia to isolate the war rather than let it be spread to surrounding countries.

If it is what you say, a religious war, I don't see any way our interceding is going to settle it because you could intervene and stop the fighting temporarily and the minute you left, they would go back to the same situation.

I recommended to the President that we have an international peace conference in Macedonia and a presence in Albania and try to isolate the war in Bosnia rather than intercede in Bosnia. I don't think there is any way we can intercede in a religious war; it might stop the fighting temporarily, but I think they will be back fighting the minute we left.

Mr. SHULTZ. One of the points I tried to stress, when we start to talk about new missions, we have to look at post-conflict situations. Once you have separated fighters, then what do we do next, and probably on a multilateral basis.

I agree that interceding in a religious war is dangerous, and your recommendations make sense to me. I would also argue that there is a larger spill-over problem and that is that as you let one of these conflicts, let the Serbs get away with it, it is a signal to other potential extremely nationalistic elements in other new states like Russia that in fact their interests can be forwarded in other parts of the former Soviet Union where they may believe they have interests, and they have nothing to worry about because the West and the United States will do nothing.

Mr. MURTHA. The deficit is so overriding. This \$4 trillion debt is squeezing us to the point where we have a limited flexibility and this is what causes us so much concern.

Mr. SHULTZ. That is why when I commented what we need to do, these things will be multilateral and we need much more thinking in terms of defense policy and foreign policy in how to operate multilaterally and draw on other assets and bring in other assets in order to deal with these problems.

My position is—I didn't say this in the testimony, but one role I don't think the U.S. can play in the future is a unilateral role.

Mr. MURTHA. Mr. Dicks.

STEALTH TECHNOLOGY

Mr. DICKS. I want to say I regret that I was not able to hear all three statements, though, Dr. Davis, I was very impressed with what you had to say. You talked about some of the weapon systems and things of that nature.

My view is that one of the most revolutionary capabilities we have today, and was proven in the Gulf, is our stealth technology in that it can operate independently.

I make one distinction between cruise missiles. The Tomahawk is very impressive but it is not as flexible as you can use with a smart weapon and a stealthy delivery platform. You have a situation where maybe a target is taken out and you send a cruise missile, it is going to the fixed point and destroy whatever is there.

My own view is that one of the most revolutionary capabilities is the potential for the B-2 Stealth bomber as a conventional weapon platform. I wouldn't waste time on putting strategic nuclear weapons on it. I think if you can load it up with smart conventional weapons—Rand did a study that shows that if you use the situation in Iraq with a mechanized division coming in, three B-2's on one pass with smart conventional weapons took out more than 40 percent of the mechanized vehicles. This is the first time we have, according to Rand, ever been able to even slow down a mechanized division in movement.

In a situation like this, with one aerial refueling you could have all the B-2's in play and then they could have gone to Diego Garcia, reloaded and come back into combat. Is it that kind of technological edge that you are talking about?

Ms. DAVIS. Absolutely. I couldn't agree with you more. The only nuclear-tipped capability for the B-2 I see in the 21st century would be a capability for use as a preemptive system against a biological weapons threat where you have to go in and take the thing out with a very hot system so the thing doesn't spread. From the perspective, I don't think we should be too hasty to do away with all strategic air-launched weapons.

Mr. DICKS. You mean on B-1s, or other aircraft?

Ms. DAVIS. I agree. Deterrence—I was talking about a different kind of deterrence, a much broader definition of the concept of deterrence. I can't think of another word, so I have to keep using deterrence, but I am talking about strategic conventional assets that allow us to do things we have been unable to do in the past.

NUCLEAR WEAPONS IN SOVIET UNION

Mr. DICKS. There is uncertainty about nuclear weapons inside the Soviet Union, what is going to happen. You have four different republics that possess them. Who is in control and what happens if Russian comes unraveled? There is a lot of uncertainty there.

Another option being discussed by the Navy is possibly to use Tridents as a potential conventional cruise missile platform using the Tomahawk.

I agree with Dr. Kissinger that nuclear weapons are basically unusable. So if we are going to have limited resources, it seems to me that we have to take new technology and use smart weapons and stealth technology. You don't have to have the airplanes to defend the battle group or the B-1s or other non-stealthy aircraft and utilize that technology as a real force multiplier.

Ms. DAVIS. I agree. We are engaged in doing work for General Butler on this issue. I would caution to say that the world still is not yet a nuclear-free world and nuclear weapons still have a political currency—

Mr. DICKS. I am not talking about nuclear-free world, but we are talking about going down to maybe 3,000 warheads, which is still a lot of warheads.

Mr. MURTHA. On this warhead thing, it is interesting what Mr. Dicks is saying. We found from various sources just recently that even though they supposedly got rid of numerous warheads, they manufactured approximately the same number.

Mr. WILSON. We or the Russians?

Mr. MURTHA. The Russians.

Ms. DAVIS. I was just in the Russian Republic recently talking to the people who were doing the dismantling. General Valenzov, who no longer is on the delegation doing the dismantling—I think they took him off because he talked too much, frankly—made the statement that on the tactical nuclear weapon side, we never knew initially what our inventory was because the atomic energy ministry was supported to do it, but their numbers were very imprecise. The rocket forces don't have numbers because they are dispersed where you went to the depots.

It seems to me that we still don't have a clear intelligence handle on the problem we are facing, and with the leadership uncertainty in the Russian Republic, I think we are facing an exacerbated problem with regard to the assumption we have that they are going to implement the START agreements.

Mr. MURTHA. They were demilitarizing X number but they were producing X number. We are helping them demilitarize through the proposal that I put in the supplemental a couple of years ago, which they misnamed Nunn-Lugar—it was a Murtha initiative—so they have the same number. That is the point.

Ms. DAVIS. The other point is clearly from the numbers of containers they have asked us for, their numbers were larger than our intelligence estimate were of the numbers.

STRATEGIC DEFENSE INITIATIVE

Mr. DICKS. Let me ask one final question on SDI.

We are in a situation in a post-Soviet Warsaw Pact area where we still face those nuclear weapons that are still there in peace. As we downsize everything else. I think one of the ironies is to look at \$3.8 billion in the defense budget for SDI.

Theater defense, I think as we saw in the gulf, is extraordinarily important. I think that theater defense makes considerable sense. But is it time for the Congress to kill Star Wars and keep a theater missile defense program and be on with it?

Ms. DAVIS. I think some of the technologies included under the strategic part of the program as opposed to the theater part of the program, such as Brilliant Eyes, have theater relevance and could do a great deal for the Scud threats that we are facing and the cruise missile threats that we are talking about in out years. There may be other programs that we want to take another look at.

As General Powell suggested yesterday in his testimony, the Russian nuclear threat still remains. The Chinese are going to explode on the scene as major military power in the next century in part from technology funneled through Hong Kong, which has already started, but after 1997 with the reversion will be intensified greatly.

I think we need to hedge our bets certainly on the R&D side, but I think you have to look very carefully at the programs to try to decide, in this limited budget environment, what makes sense. Certainly the world is different today than in 1983 when this program was started. I don't think we need to throw away the baby with the bath water, but there may be changes you want to make in how you allocate resources in the program.

Mr. PFALTZGRAFF. I would agree with Dr. Davis, but I think we need to consider not strategic missile defense as the defining nature of this, but something called missile defense. We need missile defense, and missile defense has to be redefined.

Missile defense in the out years, if we are talking about the year 2005 or 2010, it may well include another threat from countries other than the former Soviet Union directly to the United States itself. It does not today include a missile threat other than the former Soviet Union. It might in the future. So need to be prepared for that kind of threat emerging at some point in time.

It would be difficult now but not impossible for a Third World country to put together a missile, one or two missiles that could strike the Continental United States, but that is not a major threat.

Mr. DICKS. I am worried about the World Trade Center scenario. Deterrence still does work. We have the bombers, the Tridents. You can tell where an ICBM comes from. If you got two, you better not strike the United States I wouldn't think.

Mr. PFALTZGRAFF. You need to look at missile defense in the long term, from the standpoint of regional threats, facing cruise and ballistic missiles. I would not ignore technologies for the long term.

Ms. DAVIS. Unconventional threats like the bombing of the Trade Center which might be going after a nuclear targets. We need to think about the EMP effects.

Mr. MURTHA. Mr. Wilson.

CONTROL OF NUCLEAR WEAPONS

Mr. WILSON. I have several questions. One of you was talking about the nuclear weapons still in the Ukraine. Are those weapons still controlled and manned by Russians?

Ms. DAVIS. They are working to change the PALS on the bomber systems—the Permissive Action Links on the bomber systems to give them Ukrainian Republic capability to bypass the old Soviet

PALS system on the weapons. We are also looking at the rocket forces, but thus far I don't think they have had much success.

On the bomber forces, they have done a lot of interesting things that a lot of people—my French intelligence friends are very worried about the bomber forces.

Mr. MURTHA. Let me add something. We just had lunch with the President of Turkistan, a country on the edge there. He was saying that they still have 15,000 troops in their country, and even though all the tactical weapons have been shipped back to Russia, the Russians still have control of all the tactical and intercontinental ballistic missile nuclear warheads.

This was his feeling. I don't know what they are doing in the Ukraine, but he feels comfortable that the Russians still have the control at this stage.

Ms. DAVIS. Part of that, I would suspect, is a political desire to believe that is the situation. In the Ukraine, the bomber forces are a cause of concern. Senator Nunn I think confirmed that in his trip report of December.

Mr. WILSON. They have Ukrainian crews?

Ms. DAVIS. They do now.

Mr. WILSON. And you believe that the Ukrainians can arm the nukes that would be carried by the bombers?

Ms. DAVIS. I believe they will be able to do so. Even to go further for a moment, I know that the Ukrainian military has approached the French to ask them how proportional deterrence works, the French relationship with their nuclear weapons capability as they deter the former Soviet Union. The Ukrainians may look at themselves as the France of the CIS Republics.

Mr. PFALTZGRAFF. The question is, what price would we pay to get rid of these systems? What would they pay—what would we pay to get them to get rid of them? That would mean a security guarantee of some sort, possibly economic assistance as well. They are going to hold out as long as they can to keep that price very high, the price that we would have to pay them.

Ms. DAVIS. They have asked for NATO membership, for example, and then they say they would turn them over.

Mr. PFALTZGRAFF. It is questionable under any circumstances they will turn over those systems in the final analysis. They will probably try to keep some, especially as we see the situation in the former Soviet Union itself deteriorating.

ICBMS V BOMBERS

Mr. WILSON. I hadn't thought about the bombers. I had only thought about ICBMs.

Ms. DAVIS. It doesn't make sense to threaten the Russian Republic with an ICBM, but with a bomber you would have leverage in a bargaining situation.

Mr. WILSON. Why doesn't it make sense?

Ms. DAVIS. The range problem.

Mr. PFALTZGRAFF. You want to hit the western portions, not Siberia.

Mr. WILSON. So the ICBMs wouldn't be accurate at that short range?

Mr. PFALTZGRAFF. I think the most they could do to change the range would be to get them down to 1,500, 2,000 miles. They are intercontinental systems now and the targets you would want to strike would be Moscow and St. Petersburg, and you could best do that with a bomber force, which is why I assume they would be interested in strengthening control over the bomber force.

Mr. WILSON. I bet the Russians wouldn't give up control if they weren't confident that they couldn't hit them.

Mr. PFALTZGRAFF. Probably.

Mr. WILSON. They have control now? Those are Russian soldiers in the silos?

Mr. PFALTZGRAFF. In the ICBM silos, yes.

Ms. DAVIS. They are not Russian, they are CIS. There is a difference.

Mr. PFALTZGRAFF. There is a mixture.

Ms. DAVIS. They are not Russian Republic forces that have control over the nuclear weapons in the other republics.

Mr. MOODIE. The official agreement is that the strategic rocket forces are under control of the Commonwealth of Independent States so that each of them have an input into the decision in the event of use. They are not there at the disposal of the president of the Russian Federation, but some people consider it a fiction. But nevertheless, the official legal arrangement is that they are the responsibility of the CIS.

Ms. DAVIS. And the Ukraine has insisted upon having its representatives in the decision process and its forces helping to patrol and secure the areas.

Mr. WILSON. The CIS must have a command structure and it is probably dominated by Russians.

Mr. MOODIE. Yes.

Ms. DAVIS. The rocket forces commander immediately knew what he needed to do in terms of autonomy and the Ukraine interests in relation to the Soviet Union. There are a lot of Ukrainians who were in the Russian military who are now taking active roles in the Ukrainian military.

Mr. WILSON. How many supersonic bombers would you guess they have?

Ms. DAVIS. Strategic bombers. It is one wing, 76, I think.

BOSNIA SITUATION

Mr. WILSON. As I see the situation in Bosnia, I think that the administration is now going to put enormous pressure on Serbia, and hopefully with a great deal of cooperation from the Europeans, may even go to the extent of collapsing their banking system and shutting down the Danube. With Russia being in such a state of flux and not being very dependable as a protector, it might work. I hope it does so that the Serbs will sign on to Vance-Owen or something close to that. But then the rubber meets the road, as I see it.

Everything I read and everything I am told by people in the administration is that we are committed more or less—of course, you are never committed to anything until the Congress agrees to it—but the administration is committed to a NATO force of 50,000 or 60,000.

Mr. MOODIE. Twenty thousand, which would be less.

Mr. WILSON. So we are talking about; provided everything goes the way we want it to go; we are talking about an American division.

PEACEKEEPING FORCE

Mr. MURTHA. According to General Colin Powell, the United States is committed to try to help the peacekeeping force.

Ms. DAVIS. I was talking to a general on the joint staff recently. He told me the number will be between 10,000 and 35,000 United States troops.

Mr. WILSON. I don't think that is going to be an easy sell in Congress.

Mr. PFALTZGRAFF. Unless we can clearly define what the end game of this operation is, we ought to be very careful about participating in it.

I tend to side with the view of the Chairman on these issues. I think that in every one of these cases, that when we are talking about all of these ethnic, religious, sectarian conflicts, if we approach them from a purely humanitarian perspective, we will find ourselves overextended, overcommitted and, of course, underfunded, and that is inevitable given the nature of the world in which we live.

There are large numbers of other Somalias in Africa, for example, that we could get involved in as we sit here this afternoon. We have given you a catalogue of conflicts around the world. We did not define interests and we need to do that clearly as part of a set of criteria for determining what we do in these situations.

My concern—and I am outside the beltway—is that we have two contradictory trends. We are reducing defense capabilities at a time when we are looking at a world of far greater numbers of conflicts in which we may find it necessary or desirable to intervene whether out of interest or out of sentiment. That is a blueprint for strategic disaster from the standpoint of national security policy. So we need to be much more careful about a definition of interests.

Where does the former Yugoslavia become a security interest in the sense, a very important if not vital security interest of the United States?

One of the obvious indicators to me of this problem would be a Serb action militarily against Kosovo, for example, which brought into the conflict Turkey and Greece. That is the widening of the conflict beyond Yugoslavia. That is a problem that we need to confront if that arises.

I don't know—at this time, if we intervene in the present situation with a NATO force without understanding what the end game of that force is, we are likely to find ourselves in a situation that would, shall we say, make Vietnam look like a very small quagmire. This, to coin a phrase, would be the mother of all quagmires unless we are very careful how we do this if we do it at all.

Mr. MURTHA. That was my problem with Somalia. They didn't have a conclusion they wanted to reach.

Mr. PFALTZGRAFF. The problem in Somalia is not a problem of food distribution. The problem of Somalia, like Yugoslavia, is a po-

litical problem into which you step with great reluctance if you have to do so.

To bring a humanitarian operation into Somalia is wonderful in the short run, but once that force leaves, unless another force can come in to maintain the order, this will revert to political chaos.

The reason we put ethnic conflict at the beginning of our briefing, is a simple proposition that it is out of the political conflicts that military requirements arise, but you can not address problems with military means necessarily. That is the dilemma that we face in a conceptual sense.

Mr. MURTHA. Mr. Lewis and Mr. Visclosky.

MUSLIM COMMUNITY AND IRAN

Mr. LEWIS. Thank you, Mr. Chairman. I was very interested in the discussion of regional conflicts, the zero-sum-game question, and I wanted to hear specific comments about the Muslim community and Iran.

Mr. SHULTZ. I talked about it a bit. One of the very interesting things in terms of Islam, there is a danger of course in making Islam appear evil, but there is a part of Islam where a particular perspective that comes out of Iran is taking a kind of transnational approach or trans-Islamic approach to the region.

What that means is that the Iranians and Sudan—Sudan is important in this—have started to provide the kind of assistance and training that in many ways was analogous to what the Soviet Union used to do in terms of providing training and assistance and advice to factions that would then conduct various forms of unconventional war, terrorism, sabotage, et cetera.

What is very interesting about the Iranians is the extent to which this has continued in the post-Khomeini period, so that some Israeli specialists and others in the region point to a kind of network developing of assistance to factions that then go into countries that are important to us and try to stabilize those countries.

Egypt is a case in point where some fanatic elements are trying to literally wreck the Egyptian economy through the use of terrorism. On the West Bank, of course, we have the Hamas problem. And Algeria, of course, Tunisia.

So that what you have is a new threat that in many ways is clandestine. It is hard to collect a lot of information on it.

Mr. SHULTZ. We do a terrible job of collecting information on these things in the United States. The intelligence community has not done a very good job of it. I happen to study intelligence and work on intelligence matters, so I am a bit familiar with it.

But now it becomes a bigger question, and that is, Can Islamic diasporas in Europe and in the United States be fitted into this set of interconnections?

Now, right now we have the World Trade Center event. It looks like sort of the gang of Muslims who couldn't shoot straight. It may well be this is an unsophisticated event, but it betrays the future in terms of other events. I think that is a major concern.

There is a precedent for it. During the Iran-Iraq War, some elements in France carried out—Islamic elements carried out a terrorist sequence of bombings against the French government because of

its support in the war for Iraq. This kind of dilemma or new threat is out there. We don't know a lot about it.

INTELLIGENCE-COLLECTING CAPABILITY

Mr. LEWIS. This discussion has taken me almost to where I was afraid it might. I wonder if we shouldn't focus pretty carefully on the suggestion that there seems to be a pattern developing within some Islamic countries and interests that would suggest that the use of terrorist tactics, et cetera, may be forming a pattern. And you mention the New York circumstance, but then combined with the fact that our intelligence-collecting capabilities aren't very good, which implies there may be some significant potential reason to be concerned about those Islam interests.

Presuming we are not very good, what do you suggest we ought to be doing on this? What are your thoughts?

Mr. SHULTZ. I am not going to give you a great revelation, but in 1980, when Ronald Reagan became President, one of the things Bill Casey said had to be done was improve human collection. And yet every time I look at the intelligence community or look at some of the hearings, all I hear is the human collection is not as good as it might be.

Now we are facing a situation of a variety of new kinds of conflicts which have spillover potential. It is not just religion and Islam, but, for example, in the case of the Yugoslav situation, there are Serbian and Croatian diasporas in the United States from these countries, from Serbia and from Croatia.

Now, let's suppose that the Serbs don't like what you proposed, Mr. Chairman, in terms of a blocking operation, and let's suppose they decided that they would try to use some of their diaspora elements to conduct terrorist events. It is not inconceivable. It is a new area we have to pay attention to, and in a way a gray area of diasporas and migration of population from conflicts to Europe and to the United States and the potential that has for unconventional challenges to us.

And I just don't think that—I know we don't have a good handle on these problems in the intelligence community, and why should we? I mean, we focus so much on the Soviet Union.

Mr. MOODIE. What Professor Shultz has underlined is the complicated nature of this, and this is not a situation where radical Islam is a single entity that is sort of centrally directed and then it could be held accountable for the variety of activities and violence that is associated with the Islamic world.

The Serbs—I doubt very much that the Serbs—that the Serbian diaspora would be centrally directed by Tehran, for example, and there are significant differences and local reasons for what happened in Algeria, and to a certain extent also some local reasons for what is happening in Egypt, in addition to which then some of these other things.

So I think it reinforces what Professor Shultz is saying in terms of the complexity and the difficulty of the task confronting the intelligence community, because you can't just sort of say there is one target out there, it is like the grand Communist conspiracy behind everything. There is not just one target. It is a very com-

plex phenomenon. I think it only reinforces the need to have a sensitivity to that and to generate the assets needed to deal with that level of complexity.

Mr. LEWIS. Not to shift too much, but are there similar or parallel challenges, problems, regarding the Latin American hemisphere?

Mr. SHULTZ. Sure. Look, another area we have to get very smart about is the connection between ethnicity and international criminal activity. For example, we see that Colombia and the Colombian cartels are able to use assets that they have in other parts of the world and in the United States for their criminal activity.

There is emerging evidence that criminal organizations in Russia are making connections with other criminal organizations in Europe and using Russian diaspora elements outside of Russia in the former Soviet Union and in Europe for illegal activities.

Now, all of these things are part of what we might call a gray-area problem. They are not state-centric. Yet they are important security questions, and we see interesting linkages or the emergence of interesting linkages between ethnic elements, some religious elements, criminal elements and so on.

So this is the landscape that we are trying to paint. It is complex, and to be honest, I mean, it is something that I am learning while doing and trying to get a grip on.

But my feeling is, and that is why I said this in my remarks, that it is one thing to get a grip on it, but when you start to talk about how do we respond, we have a big problem, because as you said, Mr. Chairman, we have a big problem, because as you said, Mr. Chairman, we have less money to spend on this, but we have a lot more complexity to deal with, and it means that we have to develop some new roles and missions as well as intelligence assets.

So this is the complexity that I tried to propose to you.

Mr. LEWIS. Thank you, Mr. Chairman.

Mr. PFALTZGRAFF. The complexity is increased by the fact that you have state sponsors of terrorism who are also in many cases those states acquiring weapons of mass destruction, Iran being a case in point. So we really have a whole set of interrelated issues here that could be the object of much further analysis.

I would only say, if I might, that in this rapidly changing international security setting, it seems more than ever essential to do a great deal of analytic effort on these issues. We are trying in our own way to do as much as we can to make a contribution to that discussion, and overall any way in which we can help this committee in its work, we would be more than happy to try to do.

Mr. MURTHA. Mr. Visclosky.

INTERVENTION DECISION

Mr. VISCLOSKY. Thank you, Mr. Chairman. My mother is Croatian. This Friday night I had fish at a Serbian church and on Saturday morning a Muslim wanted to know what my position on Bosnia was.

I am new to the Committee. I guess I am left with a number of impressions. And, Dr. Pfaltzgraff, one of the things you said starts to crystallize now after three months, and that is the difference be-

tween sentiment and emotion and interests in terms of these events. You look at the situation, whether it is in Bosnia, Armenia, Somalia, and I have a six-year-old son and a three-year-old son, how could people throughout the world be so cruel? We are so rich and so good a people, and so powerful. Why can't we do something?

And then you sit back and you think about all those three- and six-year-old sons and daughters of American citizens who would be without a father or mother, unless there was some real overriding interest that we had outside of sentiment.

I also don't have time to read books anymore, but I read book reviews. In Sunday's book review there was one sentence of one book that was highlighted, and it made a lot of sense given the ethnic diversity of my district; that is, each one of these ethnic groups or religious groups now refers back to their own individual collective history as to what day and at what period of their history they controlled as much real estate as they ever have in the history of the planet Earth. That is what they are all again, in one fashion or another, looking to replicate all at the same time.

Having said that, you are welcome to jump in and say, No, you are wrong, sir, you have some misimpressions.

Dr. Schultz, you said we are not prepared to intervene. Do you mean that in terms of the will to intervene as well as the means to intervene?

Mr. SHULTZ. What I mean, Mr. Congressman, is that we—if you look at these situations, what is the end game that we want? It is easy enough for us, if we take a Somalia, to put forces in there that can enforce the peace. The term is peace enforcement. But it seems to me that if you intervene in a situation, that you have to be thinking about, how do you resolve that situation, what is it you do after you separate the shooters in terms of reconstruction?

Now, we are, in terms of strategy and concepts, unprepared for this. I am going to give you a quick example of it. When we intervened in Panama, we had a terrific war-fighting plan. The war fighting went great. We knocked out the PDF in a matter of hours. We took out a bad guy. And we helped an elected government take power. But we had no post-conflict plan that was worth a darn.

And I know this because I have done a major study on it, and I reviewed the contingency planning for Panama, and the contingency planning showed that we did not understand the situation that we were going to face after we removed Noriega, and we were unprepared in terms of not just the Defense Department, but there was no interagency response for it.

And what I propose is that one of the things we have to be thinking about as we get involved on a multilateral basis in some of these regional conflicts is the post-conflict reconstruction period.

Now, this is what they face in Somalia, and yet the U.N. does not, to be frank, have a clue about, for example, how do you restructure security forces? And one of the major problems that we faced in Panama was, once you destroyed the PDF, how do you establish a new security force whose *raison d'être* is not beating up people and robbing them? That was the *raison d'être* of the PDF, right? So how do we do that? We didn't know how to do that.

First of all, the military couldn't do it by law. Then there was a little civilian agency that thought they could do it. They put a two-

man mission in Panama to establish a police force that was based on 12,000 members of the former PDF.

And there are hosts of other post-conflict problems that I think we have to be thinking about. You have to look at the whole range of the situation, not just peace enforcement, but post conflict. And I think that it is important that we do that, not just because of interest, but—interests are important, but if you are going to use military power, you ought to win the peace as well as winning the war.

PRICE OF MILITARY INTERVENTION

Mr. MOODIE. I think there is another aspect of the decision about intervention that has to be made more explicit than has come out in the conversation today, and that is that we, I think, would be willing to go into a lot of things given the price, and it is the price of the activity, the cost of the activity that really will determine where we are.

There are some things where—in Bosnia we have talked about 10- to 35,000-U.S. forces as part of a 50-plus-thousand NATO force. Is that a cost that the United States is willing to pay to serve the interests, and there are interests there that will be served, but is the price worth it?

That is really the question that you and the Congress have to ask, and from what the Chairman and others have suggested, that could be a very close run thing, as to whether that is a price that is willing to be paid.

So I think while the issues of interests and those kinds of things have to be examined, what you are really concerned with is the cost, the price of this, not just the financial cost, but the political cost, the cost in terms of the impact on the military.

It is a kind of calculation that has to be made across the board with respect to North Korea and the North Korean nuclear thing, the cost of pursuing a military option; the cost of the impact if we don't get it all; the cost if we don't know where all the things are; the cost of the prospect that it potentially could give the North an impulse to come south.

It is really, I think, as you look at this question—and that is what makes this such a complicated time, and at the end of the Cold War has made your job a whole lot more difficult, in a lot of ways, because the cost calculations are much more difficult, less obvious than they were in the past.

But I think it is a part of the decision-making process that has to be made very explicit, because that is really at the end of the day where the debate is going to be.

LACK OF PLAN FOR INTERVENTION

Mr. MURTHA. Let me give you an example of the problem in Somalia. I asked President Bush what his plan was and what he expected to accomplish. He said—We have got it all worked out; I will have them out of there by Inauguration Day—and, of course, they didn't have a plan except to go in and quiet it down.

That sounded good when you start out, but they had no conception—as a matter of fact, until they made the decision, the military didn't even know they were going in. A week or so before, they

were really not aware that there was a possibility they were going to Somalia.

Panama was a little different because we had an elected government. I was chairman of the election commission there. Billy Ford was elected as First Vice-President and he had been beaten up, and he disappeared, because Noriega invalidated the election, which we said was unfair.

There was a coup attempt. I believe that we made a serious mistake when we didn't back up the guy that had Noriega under control. And I felt bad about it because I had been instrumental in trying to separate the PDF from Noriega.

But then I asked Billy Ford—Why don't you ask us to come in—and he said—What would you do if you did come in? Can you assure us you will come in if we ask? They did ask, and we sent them in. But during this whole period of time it was very difficult for them to develop a plan because they felt the entrenched government would retain power. There are still a lot of problems down there.

But in Somalia there was no plan at all.

I was in Sarajevo and spoke to a Croatian refugee, 84 years old, who remembers World War I. He said he fought with the partisans in World War II, and then the Russians were on the border and Tito kept them under control. And then he said—Now we are going to kill every Serb that is alive—They are under control for 45 years and now they are going to kill every Serb. You have got to do more than just say we are going in, because they have this deep-seated animosity that is visceral. So I agree with you. We don't have a plan with an achievable goal now if we go in.

Mr. SHULTZ. Can I just say something about that?

This to me, especially if you use military power, this is just unconscionable that we cannot think beyond the use of force, that we cannot develop an interagency mechanism that takes defense forces and other civilian assets that would be part of winning the peace.

Mr. MURTHA. The first thing we have got to decide is, the very thing you talk about, the criteria for when we do go in, and whether we can afford it.

Mr. Visclosky?

Mr. VISCLOSKY. I guess that criteria, and—ad hoc—is probably not the word I am looking for, but I assume there is no formula you can use in terms of figuring out, is this worth the effort.

Ms. DAVIS. Probably in most of the contingencies that we will face from now on, and certainly in the foreseeable future, if the United States makes a conscious decision not to intervene, it won't get done.

So in terms of criteria and the decision process as a global power, as the United States remains a global power and a responsible power and a United Nations member, we are going to have to think very carefully about what is our moral obligation balanced against the concerns that Congressman Murtha raises, which includes calculations about once the shooting starts on the ground and there are American casualties, whether the American public will sustain support for that.

PROLIFERATION OF WEAPONS

Mr. VISCLOSKY. I know Mr. Moodie wants to say something, but you also had mentioned the proliferation issue, and the whole question of it potentially being an excuse for intervention. We talked about North Korea.

The longer I sit here, the more I hear about Iran. At some point, the first shot may not be fired, a troop or plane or sub may not cross the border, but there is going to be tremendous interest at some point in dealing with a country like that that suddenly possesses weapons of mass destruction. There is a whole other system here in terms of making those determinations when it is not a question of stopping somebody from fighting, but exerting influence without a shot being fired that would be extremely detrimental to our interests.

Mr. PFALTZGRAFF. They may be able to achieve their political interests without firing.

Mr. MOODIE. I think we have got some real tough questions to answer as a nation in the question, what are we willing to pay to prevent the next nuclear power—whether it is North Korea, Iran? What is the price we are willing to pay? I don't know. And I am sure with the 435 Members, you probably get 535 answers.

Mr. MURTHA. I think it depends on who it is, too, which country you are talking about.

Mr. MOODIE. I think a good example of what Dr. Davis is talking about is the current Bosnian situation. If the Congress decides U.S. forces wouldn't be included in a NATO effort, there will be no NATO effort. The Europeans aren't going to do it, the U.N. isn't going to do it.

Ms. DAVIS. They don't have the capabilities.

Mr. VISCLOSKY. Dr. Davis, you talked about a number of things including lift capacity to move people and material from one place to another. I think the figure is at 5 percent of the materials that were taken to the gulf were flown there. So I assume when you are talking about lift capacity, you are talking about ships as well as planes.

Ms. DAVIS. Absolutely.

Mr. VISCLOSKY. Have any of you looked at the issue in terms of optimum balance in terms of moving people and goods, air versus sea? I assume time is a criterion here.

Ms. DAVIS. If you are talking about ground environment such as Iran or Iraq, for example, in the Middle East, and you don't have a forward capability such as forces stationed in Europe, and we are drawing down that infrastructure tremendously, the new figure is now 100,000, and what that means is in terms of infrastructure, it is going to be significant to do another Persian Gulf type—Desert Storm type operation in the time in which we did it, which was a very long mobilization time, by the way. Six months is a very long time.

If we don't have adequate infrastructure forward based, we are going to have to rely on sealift, because that is the only way you are going to get heavy units to a theater in the Middle East, for example, and that is going to take time.

What we are talking about is, in the new world, if a crisis erupts, and the nature of the crisis is sudden, the time lines are compressed, will we have adequate time to respond? Will we have adequate time to take a political decision? Which will take a lot of debate, to act upon the political decision and get forward forces present if we don't have those jumping-off points?

Mr. MURTHA. We are going to have to conclude this briefing.

Mr. VISCLOSKY. Mr. Chairman, could I just finish a point? If any of you have done work in terms of the question of airlift capacity—

Mr. LEWIS [continuing]. As it relates to the airlift capacity, I would certainly appreciate it if you could make it available to our office.

Mr. SHULTZ. We also have a study that we did on forward presence and expeditionary forces. And one of the ways, of course, of getting around this lift problem is to forward deploy capabilities on ships. And we can send that to you. We did that with the Marine Corps.

[The information follows:]

"Naval Expeditionary Forces and Power Projection: Into the 21st Century," Perspectives on Warfighting (Vol. One/ #2 and Vol. Two/ #2m 1992). This is a special two-volume series, prepared for the U.S. Marine Corps, under the auspices of the International Security Studies Program, Fletcher School of Law and Diplomacy and the Institute for Foreign Policy Analysis, Inc.

Mr. VISCLOSKY. Thank you, Mr. Chairman.

Mr. MURTHA. Mr. Wilson.

NATO FORCE

Mr. WILSON. What do you think the makeup of the NATO force would be in Bosnia? Where are those other 40,000 soldiers coming from?

Ms. DAVIS. The French will provide some. They are not part of the integrated NATO structure; however, the French are playing in the military committee now and we are working out command arrangement with the French. The French will provide forces, the British, the Netherlands will, too.

Mr. WILSON. How many from the Netherlands?

Ms. DAVIS. Not many since they are cutting their forces so significantly. They are essentially going to provide their F-16 forces.

Mr. WILSON. I am talking about 40,000 infantry.

Ms. DAVIS. I understand.

Mr. PFALTZGRAFF. The Netherlands could provide several thousand of the 40,000.

Mr. WILSON. No Germans?

Ms. DAVIS. The Germans have the basic law problem, as you will understand, and as soon as Kohl says he is going to do it, Kinkel will drag it into court.

Mr. WILSON. So it is unlikely?

Ms. DAVIS. Very unlikely.

Mr. WILSON. And it is unlikely that the British and French will provide more than 10,000 apiece.

Ms. DAVIS. Absolutely.

Mr. WILSON. That leaves you with 20,000. That is not coming from our side.

Mr. PFALTZGRAFF. Turkey has a problem, Greece has a problem.

Mr. WILSON. I would expect Turkey, Greece, Italy—I think the rest of NATO is going to have a very tough time doing their part.

Mr. PFALTZGRAFF. The British, the French, the Netherlands, some Canadians are there now, as the French are, and as some of the European NATO countries are.

Mr. WILSON. It is going to be very tough. That is my point; very, very tough. We can say, Okay, we will send a division, but they are going to have a tough time. I sure don't want it to be a situation where 60 percent of the soldiers over there are Americans.

In the plan as you understand it, provided that we adopt Vance-Owen, and that the Serbs go ahead and sign Vance-Owen, what are you talking about, cantonments, compartments? Are we going to roll the Serbs back out of the Croatian areas and the Moslem areas?

Mr. PFALTZGRAFF. My understanding of what Vance-Owen would provide is we would be protecting the integrity of the 10 cantons or enclaves established by the agreement.

Mr. WILSON. But the Croatian cantons, the Serbs have taken them over and thrown the Croatians out.

Mr. PFALTZGRAFF. Yes. However, does this mean that you are perpetuating a situation which is regarded by some in this region already as being unacceptable, and therefore in that situation we become the object of attack by one or the other?

Mr. WILSON. But if the Serbs sign and if the 50,000, 60,000 NATO troops go in, is the theory that the Serbs will withdraw from the Croatian areas?

Mr. SHULTZ. No. The way it is set up now, the Serbs get to keep what they have. In other words, they achieve—what they won on the battlefield, so to speak, they don't give up at the negotiating table.

Mr. MOODIE. The Serbia-Croatia issue is basically resolved. What they are talking about—

Mr. WILSON. Do the Serbs come out of those areas that they are occupying in Croatia?

Mr. PFALTZGRAFF. There are 10 cantons that are established. You are talking about the Croatians?

Mr. WILSON. The Serbs are occupying areas of Croatia. Are they going to come out of there?

Mr. PFALTZGRAFF. Not to my knowledge, no.

Mr. WILSON. And that is not going to be a mandate of the United Nations?

Mr. MOODIE. I am not sure there are that many Serbs left in what is considered independent Croatia. I am not sure there are that many Serbs—

Mr. WILSON. Thirty percent of Croatia is occupied by the Serbs right now. It is occupied by the Serbian forces.

Ms. DAVIS. No, they are not going to push them back by the current plan.

Mr. MURTHA. Thank you very much.

The Committee adjourns until 10 tomorrow.

TUESDAY, MARCH 30, 1993.

READINESS OF FORCES—OVERVIEW

WITNESSES

LIEUTENANT GENERAL J.H. BINFORD PEAY, III, DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, UNITED STATES ARMY
ADMIRAL STANLEY R. ARTHUR, VICE CHIEF OF NAVAL OPERATIONS
GENERAL WALTER E. BOOMER, ASSISTANT COMMANDANT, UNITED STATES MARINE CORPS
GENERAL MICHAEL P.C. CARNS, VICE CHIEF OF STAFF, UNITED STATES AIR FORCE

INTRODUCTION

Mr. MURTHA. The Committee will come to order.

This morning we will hear from the Services on the readiness of our armed forces. The witnesses today are Admiral Stanley Arthur, Vice Chief of Naval Operations; General Michael Carns, Vice Chief of Staff for the Air Force; General Walter Boomer, Assistant Commandant of the Marine Corps; and Lt. General Binford Peay, Deputy Chief of Staff for the Army.

Let me welcome this distinguished panel before the Committee and congratulate General Peay. I understand you were just confirmed as the Vice Chief of Staff of the Army.

General PEAY. Thank you.

Mr. MURTHA. We congratulate you and wish you well on your tour. I remember General Vuono saying he didn't want to preside over an Army that was going downhill. It probably went down more during his tenure than any other and there was nothing he could do about it. The cuts were real cuts.

I was saying recently that I feel there isn't any way that we can continue the tempo of operations and continue to cut the defense bill. We are going to end up with a hollow force. Some of you were at the Defense Preparedness Association meeting when I talked about what I felt was the commitment of defense. It sounds like a lot of money, but when you look back at 1980, when we tried to pull off Desert One, which was a minor operation and we couldn't pull it off, we had basically the same number of people in the service as we had in 1991 when we pulled off Operation Desert Storm.

It shows that there was something that worked that put the services in a much better position. The morale was high and the equipment was more than adequate. We had technological superiority and good leadership. As one person told me, the last day of training was his first day in combat. That is the way it worked.

I remember when I was with General Boomer there. We were with the Canadians. They went to a live fire exercise and your troops were ready to go. All the money spent was well spent.

People tend to think this Operation was a fairly easy operation. Of course, it was not only not an easy operation, it was a very difficult operation. Iraq had the fourth largest army in the world, which was decimated because of the work that was done by the United States forces. So we don't want it to slip back and start having 25 percent category IV's like we used to have.

I know the indications are that we have less high school graduates than we had before, down from 100 percent moving towards 90 percent. Indications are that we are having real problems, and will continue to have problems.

I have said we have a residual force with which I think we can get by this year with the proposed cuts that you folks have worked out, but I don't think—and the Commander in Chief, Central Command agrees—that he couldn't put on Operation Desert Storm in the same time frame that he did before.

If we didn't have the port and airport facilities, I doubt we could amass that kind of a force in maybe twice the time, but we want to hear what all of you have to say about readiness.

We are going to talk about spare parts tomorrow. We know that is a big part of readiness. This Committee has been instrumental in making sure that spare parts were there.

Today we want to concentrate on readiness items. We will begin with General Peay.

If you will put all your detailed statements in the record and summarize, we will get right to the questions.

General Peay.

SUMMARY STATEMENT OF GENERAL PEAY

General PEAY. Good morning, Mr. Chairman, and members of the Committee. It is an honor for me to appear before you with my sister services to discuss the readiness posture of the United States Army.

As you said, we stand today in the afterglow of multiple successes over the last four short years—the fall of the Berlin Wall, the brilliant victories in Operations Just Cause and Desert Storm, and the dissolution of the Warsaw Pact and Soviet Union which signified the end of the Cold War. The pace and enormity of changes in such a short period of time constitute a defining moment in our history. Our concomitant response during this period has been the restructuring and downsizing of our Army forces to meet the changing world environment and fiscal realities here at home.

Our challenge has been to accomplish these varied tasks while preserving the core capability of our quality Army in a rush of events that is often unpredictable. Our responsibility today is to ensure a quality Army, trained and ready to provide quick, decisive success in sustained land combat.

PAST YEAR ACTIVITIES

The Operations tempo—OPTEMPO—of Desert Storm and the harsh environment of Southwest Asia took their toll on Army equipment. With the help of Congress, we have done much to recover from Desert Storm. Yet, two years after the cease fire, we are still faced with a backlog of helicopters and armored vehicles which need refurbishing.

Simultaneously, we have accelerated our withdrawals from Europe in order to reach the Base Force end strength two years early, a decision that will save nearly \$2 billion in personnel costs, but is also frontloaded for costs in retrograding, redistributing, and disposing of equipment. This decision has involved:

One, moving 405,000 people—over half of our end strength—while releasing nearly 100,000 civilians and a quarter of a million soldiers from active duty.

Two, moving 7,800 vehicles and 288,000 short tons of ammunition from Europe.

Three, moving 76,000 vehicles and 265,000 short tons of ammunition from Southwest Asia.

Four, removing all tactical nuclear weapons from Europe ——— to storage sites in the Continental United States—CONUS.—

Five, inactivating one corps and what will be six active divisions.

Six, closing 16 CONUS and 169 overseas installations.

Seven, consolidating supply operations to achieve management efficiencies.

EMERGING AND UNEXPECTED COSTS

As General Sullivan noted last year, stewardship of resources—dollars, people, and the environment—is a priority of the Army. In accelerating our transformation of the Army to meet fiscal constraints, we have found that there are significant front-end costs. Some examples of these emerging costs are: One, costs to retrograde equipment and supplies from Europe. Two, costs to cascade modernized equipment to the reserves. Three, costs of refocusing and reorganizing the Total Force. Four, upfront costs for base alignment and closure. Five, increased costs for environmental compliance.

NEW AND EXPANDING MISSIONS

As we face these reshaping and refitting costs, the Army is participating in expanding missions appropriate to the changing geostrategic environment—peacekeeping, national assistance, support of democratic reform, counter-drug, and disaster and humanitarian relief. The capabilities to accomplish these are embedded in a trained and ready Army. In the majority of these instances, we absorb the up-front costs within currently budgeted resources.

These new missions are often in the harshest of climatic and operational conditions. This morning, we have nearly 27,000 soldiers deployed on 1150 missions in 65 countries overseas in addition to the 125,000 stationed in Europe, Korea, and Panama. These soldiers and our Army are performing humanitarian operations in Somalia, peacekeeping in the Sinai, training exercises and deterrence in Saudi Arabia and Kuwait, counter-drug and national assistance operations in Latin America, Africa, and the Pacific Rim, medical support for U.N. Forces in Croatia, and U.N. peacekeeping in Cambodia, the Western Sahara, Kuwait, Israel, Egypt, Jordan, Syria and peacekeeping with the multinational force and observers. This is nearly double the commitment General Sullivan reported to the Congress at this time last year and it is in addition to our efforts in disaster relief during Hurricanes Andrew and Iniki. There is every

indication that these no-notice operational requirements will continue.

The impact on the readiness of the Army is measurable. With a small force, we are now finding that, in some cases, units in support of these non-traditional missions have been deployed overseas for four of the last five Christmases. Some soldiers are on their third tour in Southwest Asia.

Your Army is accomplishing this—we cannot take a time-out for readiness. We must continue to maintain our units at their appropriate readiness levels and still provide a high quality of life for our soldiers and their families.

RELATIONSHIP OF READINESS AND OPERATIONS TEMPO—OPTEMPO

Recent comments indicate that some believe that by funding OPTEMPO, the Army will achieve the readiness required for mission support. As you know, OPTEMPO is but a small part of readiness. Readiness is also directly related to institutional training, base support operations, facilities repair, and supply and maintenance, and quality of life.

Let me illustrate this synergistic relationship: unit commanders receive money to train and maintain their units—money to provide OPTEMPO, base support, and repair and maintenance. Underfunding any one area adversely impacts the total readiness of the unit. Each is necessary—none is sufficient by itself to create the effect we call readiness, and each is required to meet America's expectation of an Army capable of decisive victory with minimum casualties.

READINESS TRENDS

Today, our commanders in the field are beginning to express concerns such as:

One, reduction in battalion and company level training at home station.

Two, some aviation maintenance readiness rates below 75 percent.

Three, reduction in the quantity and quality of post services.

Four, increasing diversions of soldiers from their training mission to accomplish post support missions, such as range and grounds maintenance, family housing inspection teams, and others.

Five, increasing rates of facilities maintenance backlogs, 13 percent for fiscal year 1993 to fiscal year 1994.

CONCLUSION

In closing, I would leave you with four points and one request. The four points are:

One, the Army must have flexibility to maintain a balanced force.

Two, there can be no time, out for readiness. We must be ready as an Army to deploy, fight and win any time, any-place.

Three, there is a great deal of reshaping yet to be done both in the active and reserve forces which requires upfront investments if we are to secure long-term savings.

Four, to the extent that we fail to provide for the readiness of the force, we also begin to affect the quality of our accessions—soldiers who join the Army to be in units that are trained and ready.

Finally, let me solicit your support to ensure we maintain at least the level of Operations and Maintenance, Army funding in the Fiscal Year 1994 President's Budget in order to sustain the Army as a strategic force, capable of decisive victory.

Thank you, Mr. Chairman, for the opportunity to represent the Army and to describe our current and potential readiness posture this morning.

[The statement of General Peay follows:]

RECORD VERSION

STATEMENT BY

LIEUTENANT GENERAL J. H. BINFORD PEAY III

DEPUTY CHIEF OF STAFF FOR OPERATIONS
AND PLANS

BEFORE THE

SUBCOMMITTEE ON DEFENSE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

SECOND SESSION, 103rd CONGRESS

READINESS OF FORCES

30 MARCH 1993

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BY THE HOUSE
APPROPRIATIONS
COMMITTEE

LIEUTENANT GENERAL J. H. BINFORD PEAY III
Deputy Chief of Staff for Operations and Plans
Department of the Army
Washington, DC

Lieutenant General Binnie Peay was born in Richmond, Virginia, on 10 May 1940. Upon graduation from the Virginia Military Institute in 1962, he was commissioned a Second Lieutenant and awarded a Bachelor of Science degree in Civil Engineering. He also holds a Master of Arts from George Washington University. His military education includes completion of the Field Artillery Officer Basic and Advanced Courses, the United States Army Command and General Staff College and the United States Army War College.

General Peay's initial troop assignments were in Germany and at Fort Carson, Colorado. During two tours in the Republic of Vietnam, he performed duty as a Firing Battery Commander in the 4th Infantry Division in the central highlands of Vietnam and later as a Field Artillery Battalion Operations Officer (Battalion S-3) with the 1st Cavalry Division (Air Mobile). Returning to the United States, he served as a Field Artillery Branch Assignments Officer with the Army Military Personnel Center in Washington, D.C. Next assigned to Hawaii, General Peay commanded the 2d Battalion, 11th Field Artillery, 25th Infantry Division. Following attendance at the United States Army War College, he served as Senior Aide to the Chairman of the Joint Chiefs of Staff in Washington, D.C. While in Washington, he was also Chief of the Army Initiatives Group in the Office of the Deputy Chief of Staff for Operations and Plans, United States Army. Following was service as Assistant Chief of Staff, G-3/Director of Plans and Training, I Corps, and Commander, 9th Infantry Division Artillery, 9th Infantry Division, both assignments at Fort Lewis, Washington. In 1985, he was reassigned to the Army Staff for service as Executive to the Chief of Staff, United States Army. From 1987-1988, he served with the Screaming Eagles as the Assistant Division Commander (Operations), 101st Airborne Division (Air Assault), Fort Campbell, Kentucky, followed by an assignment in July 1988 as the Deputy Commandant, Command and General Staff College, Fort Leavenworth, Kansas. He assumed command of the 101st Airborne Division (Air Assault) on 3 August 1989 and led the Division throughout Operations DESERT SHIELD and DESERT STORM in the Persian Gulf. He was promoted to Lieutenant General and assigned as the Deputy Chief of Staff for Operations and Plans, Department of the Army on 24 June 1991.

Awards and decorations which General Peay has received include the Army Distinguished Service Medal with Oak Leaf Cluster, the Silver Star, the Defense Superior Service Medal, the Legion of Merit with Oak Leaf Cluster, the Bronze Star Medal with 3 Oak Leaf Clusters, and the Purple Heart. Also, he has received the Meritorious Service Medal with 2 Oak Leaf Clusters, several Air Medals, and the Army Commendation Medal. Additionally, General Peay wears the Parachutist Badge, the Ranger Tab, the Air Assault Badge, the Joint Chiefs of Staff Identification Badge, and the Army General Staff Identification Badge.

He is married to the former Pamela Jane Pritchett. They have two sons, Jim and Ryan.

A QUALITY ARMY - TRAINED AND READY - ESSENTIAL TO AN UNCERTAIN WORLD

I. Today's Army - America's Army

It took this Nation 15 years to develop the Army which achieved the successes of Just Cause and Desert Storm. We now face a rapidly changing world environment which began with the demise of communism and the dismantling of the Soviet Union. This dismantling of the old world order has seen an increase in nuclear proliferation, growth of radical nationalism and religious fundamentalism, and the push and pulls of democratization . . . all of which portend continued instability in international affairs.

The Army's primary mission is to conduct sustained land combat. We are reshaping our capabilities to (1) Improve our ability for crisis response in regional contingencies, (2) Assist in the preservation of European stability, (3) Assume non-traditional roles such as counter-drug, national assistance and support of democratic reform, and (4) To assume a greater role in disaster and humanitarian relief.

As we adjust to these new challenges, we are continuing to restructure our forces and infrastructure. By the end of FY94, the Army will have reduced its size from 781,000 active soldiers to 540,000 (31 percent reduction). We will have also reduced from 18 divisions to 12 divisions in less than four years; will reduce our European presence from 216,000 active soldiers to 74,900 by the end of FY94 (65 percent reduction); and we have closed and realigned over 593 installations worldwide for a 54 percent change in facilities infrastructure. We have reduced our civilian force from almost 400,000 to less than 300,000 (25 percent).

Our greatest challenge in this period of change is to preserve and protect the core capability of our Army - that is, a quality Army, trained and ready to provide quick, decisive success in sustained land combat. As we continue to reshape the Army, we find that we incur additional costs to relocate supplies, equipment, and people (e.g., the cost of accumulating equipment and ammunition, transporting it from Europe, storing or cascading it to the Reserve forces - all of which incur costs that must be paid from other accounts such as training). It is increasingly difficult to meet these challenges. While at the same time, we are contending with the rising costs and new challenges of increased worldwide humanitarian and peacekeeping operations.

II. Balance, Pace, Affordability - Hierarchy of Resourcing

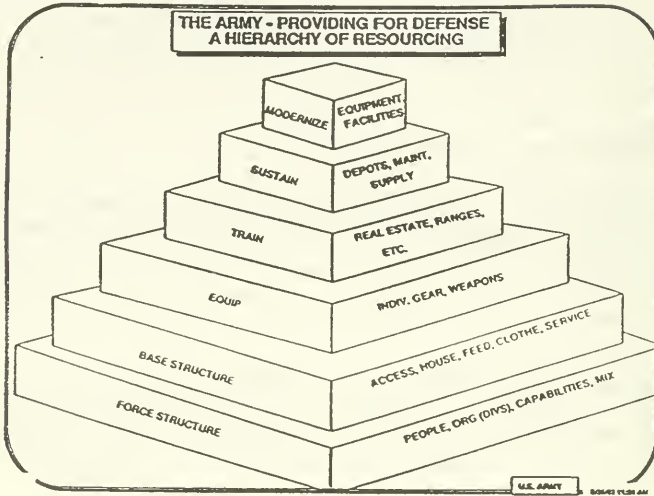


FIGURE 1

We must ensure that we do not sacrifice the following:

- **Balance** among quality people, leader development, training, modern equipment, force mix, and doctrine.
- **Pace** a steady rate of change which will allow the Nation to retain a trained and ready force throughout the process.
- **Affordability** must not tradeoff capability for dollars to the point that we accept great risk.

In resourcing the Army, we first select the size force we need (i.e., that which has the proper mix of capabilities to fulfill our statutory mission and meet the National Military Strategy (NMS)) and then provide the necessary base structure to access, house, feed, clothe, and provide essential base services to support that structure. From there, we equip and train the force, by providing the individual equipment and weapons, and the necessary training areas, ranges, and facilities required to maintain a trained and ready force. The next step is sustaining the force, which provides the necessary facilities (e.g., depots), supplies, and maintenance to support the force. Finally at the highest tier, we modernize equipment and facilities after we have resourced the base force and its structure.

If we resource a higher tier requirement without regard for its impact on lower tiered ones, we run the risk of jeopardizing the fragile balance of the readiness structure, e.g., if we retain excess depot capacity, we will have to under resource training or another lower tier requirement, or if we migrate resources from training (a lower tier) to fund procurement for modernization, then readiness will suffer. The Army attempts to follow the resource philosophy of this hierarchy in its planning, programming, and budgeting while maintaining the correct balance, pace, and affordability . . . and it begins by establishing the proper force structure and base structure during the planning process.

III. Sizing the Army - The Force and Its Base Structure

It is the National Military Strategy (NMS), coupled with the risk we are willing to accept, which ultimately determines the force we need. The current NMS dictates the need for an Army consisting of a 12 division active force, manned by 540K soldiers and supported by 300K civilians in FY94. This force can execute the current NMS and allows us to respond to two concurrent contingencies (e.g., a Desert Storm). By simultaneously maintaining a robust mobilization capability, we ensure our national security in the event of an expansive war. The NMS is under review and the force requirement will be reevaluated to provide the appropriate Total Force to support the revised NMS.

In addition to structuring the current force (twelve active divisions/540K soldiers, 8 reserve divisions/670K reserve soldiers in FY94), we must fund the essential elements that sustain the force and affect its capabilities (infrastructure of posts, stations, depots, armories, training areas, ranges, and most importantly the institutional school houses). These elements, working synergistically, provide a trained and ready force with unique capability, and have ensured our recent successes in international affairs. As important as sizing the "base structure" is the need to ensure that we adequately resource it.

IV. Readiness and Standards - Adequacy of Funding

- Army resource requirements for the base structure are based on our need to achieve a certain level of readiness which we measure in terms of unit training operating tempo (OPTEMPO). However, OPTEMPO does not equal readiness. Readiness is more complex and must be resourced adequately. Of particular concern are the Operation and Maintenance-Army (OMA) programs which include: Program-2: General Purpose Forces (OPTEMPO, Services, Utilities, and Facilities Repair and Maintenance; Program-7: Supply and Maintenance; Program-8: Training (Institutional Training, Leader Development, and Accessions Training); and Program-3: Communications and Intelligence (Intelligence, Command and Control, Communications Functions).

- The OMA budget consists primarily of "fixed cost" expenses to train, support, and house our soldiers and their families. Attempts to adjust funding in any of these

key areas ultimately affects readiness in some manner. By underfunding OMA, we run the risk of producing unacceptable readiness levels. Detailed examples follow:

General Purpose Forces - Without adequate resourcing of our forces, unit training would decrease, fewer large scale and joint exercises would take place; training ranges and areas would deteriorate, further reducing training quality; facilities would deteriorate beyond economical repair levels resulting in undesirable and unlivable standards; services (waste removal, laundry, power, water) would be eliminated, reduced, or supported by soldiers diverted from their basic mission. Bottomline: Time and ability to train would be reduced and commensurately overall training and readiness of the base force would decline.

Supply and Maintenance - Without adequate supply and maintenance funding, equipment would fail and/or become expensive to maintain (e.g., inadequate depot maintenance); movement of equipment and supplies to and from units and depots would slow down (e.g., lack of transportation); readiness and availability of equipment for training would decrease; and the tracking and distribution of inventory would deteriorate. Bottomline: The unavailability and lack of equipment and transportation would negatively impact readiness.

Training - Without adequate training funds to operate our schools, the quality of training of initial entry soldiers (both officer and enlisted) would decline; quality of leader development would decline; and the overall quality of soldiers joining units would decline. Bottomline: Overall unit training would suffer as soldiers would have to focus on individual and leadership training formerly accomplished in the schools, reducing the time devoted to unit training.

Communications and Intelligence - Without adequate communications and intelligence funding, communications for command and control of the basic operation would decline, seriously jeopardizing the successful outcome of missions; intelligence gathering operations would slow down, reducing the amount of key information available, also affecting the mission outcome. Bottomline: The ability to provide information, and control and coordinate operations would decline, increasing risk and reducing potential for success.

- The Army leadership reviews readiness reports, indicators, and trends each month and gives appropriate guidance to maintain maximum readiness. Current trends indicate that readiness is beginning to show the effects of reduced resources. Charts 1-8 show how current resources are changing. Considering the recent successes of Operations Just Cause and Desert Storm, we used an average level of resourcing from FY85-89 as a baseline indicator of the FY89-92 successes. Additionally, we have made our "baseline indicators" a unit of measure (i.e., dollars per endstrength) rather than an absolute quantity (i.e., dollars). This provides a two dimensional comparison (dollars per individual or dollars per Army Division) rather than the more commonly used one dimensional comparison (e.g., dollar to dollar). The two dimensional comparison allows us to measure resource trends against the baseline as the size of

the force changes. Using FY85-89 as a base period, Charts 1-8 show comparisons to the current levels for various categories. While these comparisons show a decrease from the base indicators, the Army, through improved resource management and increased efficiencies, has been able to maintain readiness. However, these comparisons demonstrate that to ensure future successes, we must fund at least the President's Budget levels.

V. SUMMARY

Over the past five years (FY88-92) we have demonstrated our capability to successfully accomplish national objectives quickly, with minimum loss of life, and with minimum expenditure of national wealth and resources (e.g., Operations Just Cause, Desert Storm/Shield, Provide Comfort and others). These achievements are attributable to the resource investment (personnel and dollars) made available to the Army, particularly those during the five year period (FY85-89) immediately preceding these successes. Our focus must build on the qualities and capabilities which brought victory in Desert Storm. We must maintain effective and ready forces, and not allow a return of the "hollow forces" of the 1970s. This requires that we ensure that our personnel are highly capable and motivated, that our unit training is realistic, and that we have modern, well-maintained equipment. To do this, we need the requisite resources.

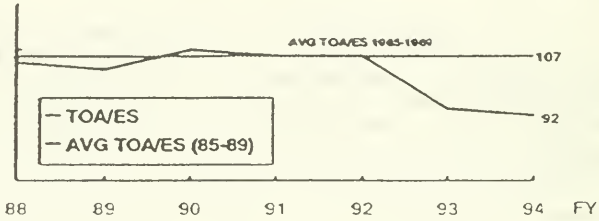
In closing, let me leave you with three thoughts: (1) The Army must have the flexibility to maintain a balanced force, (2) there can be no time out for readiness . . . we must be ready as an Army to fight, and (3) there is a great deal of reshaping, as well as downsizing, yet to be done both in the Active and Reserve forces which requires upfront investments. As part of our Nation's joint defense team, and in response to the changing world events, today's post cold war Army must have the capability to project power anytime, anywhere in the world. We currently have the capability to conduct sustained land combat and to provide presence to protect American interests, along with a plan to sustain them well into the Twenty First Century. We need Congressional support to ensure we obtain adequate resources to support them.

UNCLASSIFIED

TOA/ES

CONSTANT 93\$

\$K/SM



• Decrease of 14% from average

UNCLASSIFIED

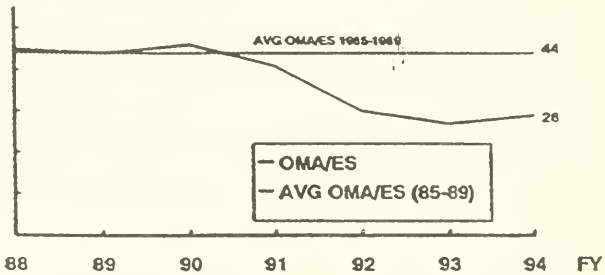
CHART 1

UNCLASSIFIED

OMA/ES

CONSTANT 93\$

\$K/SM



• Decrease of 36% from average

UNCLASSIFIED

CHART 2

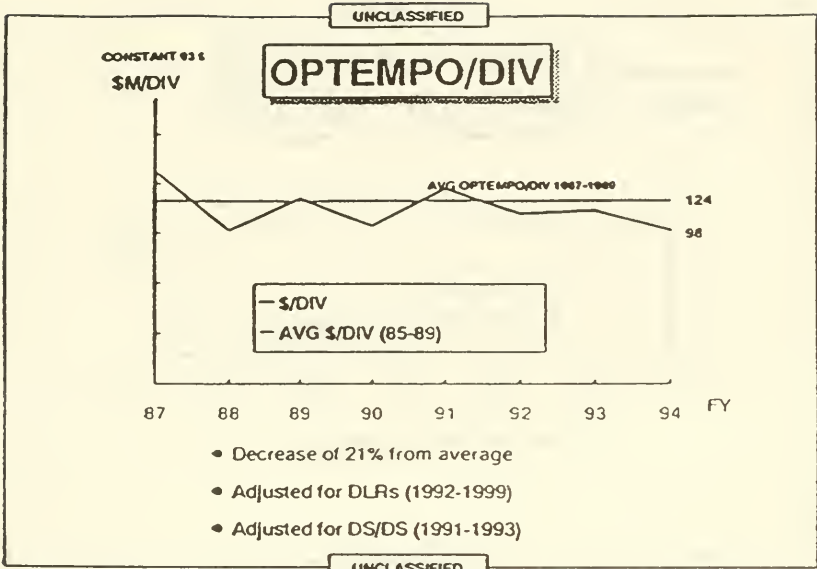


CHART 3

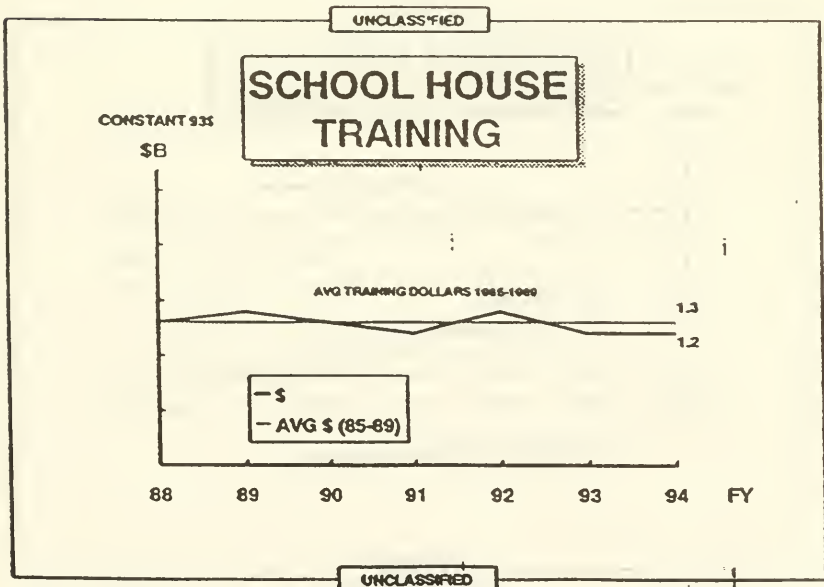


CHART 4

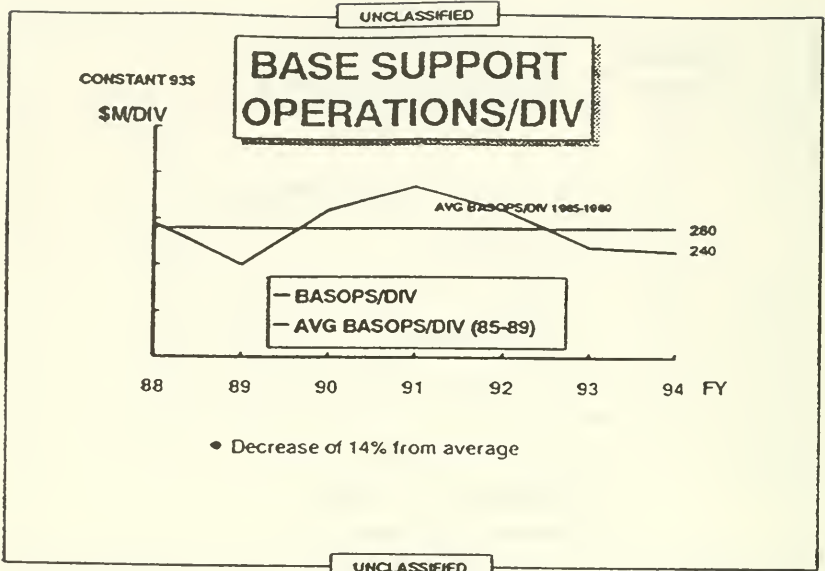


CHART 5

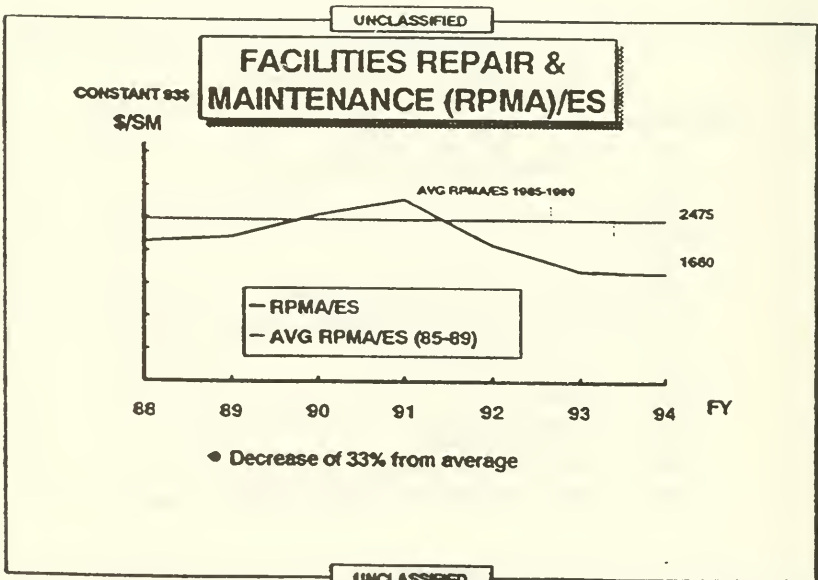


CHART 6

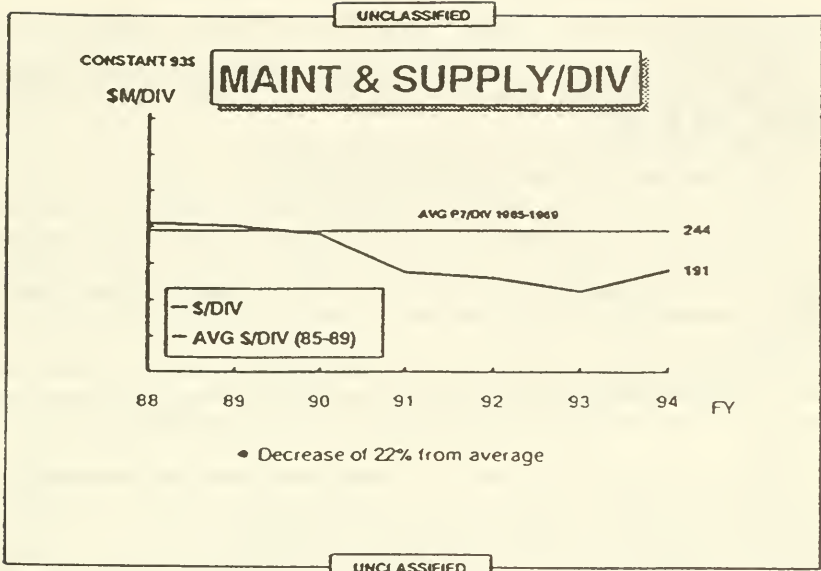


CHART 7

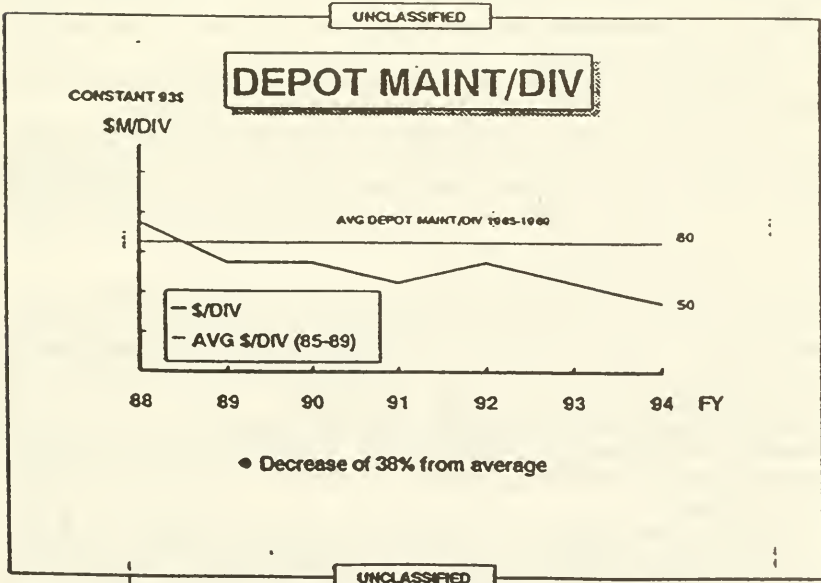


CHART 8

OPERATION AND MAINTENANCE FUNDING

Mr. MURTHA. Let me ask a couple of questions related to the Army.

The O&M money for the Army is at a level that is now agreed to. Last year General Powell called me and wanted us to increase O&M, and we did.

Is the O&M level a level you can live with? Is it a level you proposed? How did you come up with the figure?

General PEAY. Sir, in the statement that I submitted for the record, I tried to show in seven or eight graphs the trend lines and I bounced those trend lines against the 1985 to 1989 period which I think was the keystone period from which Desert Storm/Desert Shield leaped off of if you wanted to use that as some type of comparison.

To specifically answer your question though, to meet those declining trend lines, we had to go into the RDA account principally in order to bring our OMA account, which is at the guts of readiness, up to par.

Today for the first time in years, we have a procurement budget—\$6.8 billion—that is only slightly greater than the RDT&E budget—\$5.2 billion. We have lost our flexibility.

We are getting to the point, where our ability to move those kinds of dollars into a readiness posture is becoming less certain. That is the long answer to your question. We have moved monies around this year, but we have major concerns.

Mr. MURTHA. Did we take care of all the maintenance out of Desert Storm money or are you having to repair with your own O&M money? In the House of Representatives, we wanted to make sure you got more maintenance money out of Desert Storm and the Senate didn't want to do that.

Do you have enough residual money to take care of the problems you had in Desert Storm?

General PEAY. We felt we were able to get the money although not in a timely fashion to fix the Desert Storm problems.

What we don't know is what is still out there. One of the principal problems in the 101st Airborne Division was the enormous deterioration of the aviation assets. The readiness rates today in five of the six aviation systems are below the Army's 75 to 85 percent goal for maintenance.

Mr. MURTHA. How far below?

General PEAY. They are principally in the 70 percent category. A couple of them are below that. We would like to get them into the mid-eighties. We find that as you continue to break down the machines there is some deterioration that you had not expected. So, it depends on how long that money carries out.

Mr. MURTHA. Are you saying you are having to use your own money to take care of problems that came from Desert Storm or are you saying you had enough Desert Storm money to take care of the problem?

General PEAY. After the initial cut, we had enough money to take care of the problems, but we don't know what is still out there as we continue to bring equipment in for depot maintenance.

FINANCIAL ASSISTANCE TO LOCAL SCHOOLS

Mr. MURTHA. When I came back, I found our schools were very overcrowded for instance at Fort Campbell. I went to Fort Campbell and had conversations with some of the representatives of the school districts in the surrounding area. We added \$50 million for Impact Aid just for schools near areas that had been increased because of our redeployment from Europe. Is that money getting to them? Is it enough money put in this year?

General PEAY. Yes, sir, early on we had a greater number of people at a number of different installations because of the pace we were coming out of Europe, and the surrounding local community of Fort Campbell was one of several that was impacted.

Mr. MURTHA. They had as many as thirty-five students in a class. You paid them so that they could reduce the number of students per class. In other words, that money has gone to those school districts so these young people are not being shorted by the fact there are too many in the class.

General PEAY. I will provide that for the record.

[The information follows:]

The Office of the Deputy Assistant Secretary of Defense for Personnel Support, Families and Education is currently in the process of implementing Section 386 of Public Law 102-484, the "National Defense Authorization Act for Fiscal Year (FY) 1993," October 23, 1992. In this regard, Public Law 102-368 and Public Law 102-396 appropriated funds for Fiscal Year 92 while, Public Law 102-484 authorized expenditure of the funds for Fiscal Year 93. Therefore, during Fiscal Year 93, the Department of Defense (DOD) shall provide \$50 million dollars to assist LEAs that meet the eligibility criteria established by law.

DOD is committed to carrying out the requirements of Section 386 and will place a notice in the Federal Register, explaining the procedures for making application for financial assistance under that section. DOD will distribute the funds provided for this purpose to eligible LEAs as expeditiously as possible. The eligibility criteria are binding upon DOD, and DOD may not legally disburse funds to a LEA that does not meet the criteria.

Regarding the Fort Campbell, Kentucky, area, I have been advised that DOD is expecting new current data from the Department of Education reporting that for Fiscal Year 93, the Clarksville-Montgomery County School District will satisfy the basic eligibility requirement under subsection 386(c)(1) of Public Law 102-484.

Mr. MURTHA. Any questions for the Army?

Mr. YOUNG. Mr. Chairman, my questions will be directed to all the Services.

Mr. MURTHA. Mr. Darden?

LESSONS LEARNED FROM OTHER HOSTILITIES

Mr. DARDEN. I have a brief question. We talk about lessons learned in Desert Storm. What is the most important lesson the Army learned from other hostilities?

General PEAY. I think without question—and the Army has thought about this in some depth—the reason Desert Storm was a success, in the final analysis, was due to our leader development program and the quality of our people. Our leader development program encompasses both unit training as well as institutional kinds of training.

As we looked at those earlier conflicts, we recognized the importance of leader development and the importance of doctrine. I think that it is fair to say that we developed the big five weapons systems twenty years ago as we looked at some of those conflicts.

When you put those together—leader development and doctrine, with the most important being leader development which is directly related to operational tempo in the way you train and the money you put into the school system—the synergistic part of that paid off in the desert.

The challenge is we were able to fund the operational tempo and the institutional leader development by pulling monies from other parts of the budget. Today, it is questionable whether we will be able to develop the big five weapons system approach of modernized Blackhawks multiple-launched rocket systems—those kinds of weapons systems that pay off 20 years later from the time they were conceived. We have gone to a series of technological insertions as well as leap ahead technology to fight threats in the future although we need to fund leader development, we cannot keep pulling from the budget to take care of the OMA requirements to keep the Army in balance.

Mr. MURTHA. Admiral Arthur?

SUMMARY STATEMENT OF ADMIRAL ARTHUR

Admiral ARTHUR. Thank you for the opportunity to join you today. My remarks will summarize the formal statement that has been provided, and I will cover our budget reductions in general and their potential effect on readiness.

This Committee has always been particularly thoughtful in helping the Navy maintain and protect its readiness, and your continued concern and support is greatly appreciated.

I look forward to working with you again this year. Readiness is not an easy thing to define nor is it easy to quantify, but our operational commanders know it when they see it, for sure. It starts at our recruiting commands, continues through our training pipeline into the acquisition process and reaches its destination with a full logistics team.

There are four cornerstones to this effort: quality people, first-rate training, top-quality equipment, and logistics support.

To illustrate, back in the Desert Storm time frame, I went aboard one of our destroyers one morning after they had had a very interesting night. In theater, we had provided and installed a new mast-mounted sight. The CO took me to the bridge, pointed out a young sailor who had been watching the scope the previous night. Observing an object in the water, the young sailor notified the lieutenant who was the Officer of the Deck at the time who maneuvered the ship and missed the mine by two feet. This took place before the CO could get to the bridge.

That is readiness. He had an entire intact ship, no damage. Having quality people, equipment, and training all paid off.

This 1994 budget represents a significant reduction to the Navy. At the end of 1994, we will be down to 413 ships. We will reduce 21 tactical and ASW aircraft squadrons. We will reduce our manpower by 45,600 sailors and officers.

I would like to note that this personnel reduction for us will be the largest manpower reduction we have ever tried with the all-volunteer force. We know that we don't fully understand all of the dynamics of dealing with this force. So we will be watching it very

carefully because there are still many of us here on active duty that remember the hollow force that we had in the past decades. A great part of that hollow force was our 20,000 petty officer shortfall that we had to work very hard through the eighties to correct.

We are paying particular——

PERSONNEL SHORTAGES

Mr. MURTHA. What does that mean, shortfall of petty officers?

Admiral ARTHUR. As we entered the eighties, we had a 20,000 petty officer shortfall, our mid-grade petty officers, with six to eighteen years of service, were not there.

Mr. MURTHA. They didn't reenlist because you extended deployments and so forth?

Admiral ARTHUR. That is right. They were tired of dealing with low-quality people, and inoperable equipment. In this budget, where we could, we have maintained and stepped up to improving quality of life for our sailors as one of the first steps so that they understand we are interested in keeping them on our payroll. This budget is the highest risk budget we have had in the last 12 years.

As my Army counterpart said, there is a limit to the flexibility that we have when we are operating this close to the line.

EQUIPMENT MAINTENANCE

Mr. MURTHA. Would you define the higher risk in short term or long term?

Admiral ARTHUR. For all intents and purposes, it looks like we will stay on this margin for a considerable period of time. We are buying into a backlog of aircraft airframes awaiting maintenance and aircraft engines awaiting maintenance. If we do not work as we go through the next few years to either hold it at a manageable level, and it starts to grow, we have bought into a long-term problem.

Mr. MURTHA. You are not talking about a higher risk in national security if you are talking about a hollow force?

Admiral ARTHUR. Yes, sir. In the ship maintenance accounts, we are funded at about the 80 percent level so we are making trade-offs to what maintenance we can do and moving it back and forth across the years so we can manage with reduced numbers.

Sometimes that bill becomes payable. To hold even, we are retiring a ship a week and will continue to do that through 1994.

So we are being selective, making sure that we don't do something dumb and try to bring a ship into maintenance and then find out in the next year that we have to retire it. We have to manage that very carefully and you have already seen indications of what we have had to do this past week.

We have also tightened down on our supply chain. Once again this year, we have reduced spares associated with the force drawn-down.

As we see the force coming down, we take the dollars out of the spares accounts. We had a problem last year when that was not recognized, and we sort of had a double hit in our spares account that we had to fix out of other programs.

We hope that this year we will stay in sync.

SPARE PARTS

Mr. MURTHA. Explain that.

Admiral ARTHUR. Last year, we had force reductions, and we had taken the spares out of our budget. However, the Congress seeing the same force reduction said, "Gee, there must be spares associated with that force reduction;" and levied \$160 million hit against the spares and repair account.

So we ended up having to find other dollars. In other words, we didn't want to take that all out of spares or we would have a real spares shortfall. We moved maintenance and ended up with a bigger backlog in 1993 than we would have had otherwise.

In closing, our continuing response to contingencies will place a burden on our O&M accounts. Our job will be to identify additional costs that arise.

We are very concerned with the DBOF fund that has not performed as projected this year, yet the 1994 budget continues to rely on this fund for \$1.4 billion in DBOF cash.

If that cash doesn't materialize, we enter 1994 with a major problem. There is no doubt that we have a higher risk budget for 1994, but it is adequate to support the Navy and this Nation's requirement.

I would be happy to answer your questions, sir.

[The statement of Admiral Arthur follows:]

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE

STATEMENT OF
ADMIRAL STANLEY R. ARTHUR
VICE CHIEF OF NAVAL OPERATIONS
BEFORE THE
DEFENSE SUBCOMMITTEE ON FORCE
READINESS
OF THE
HOUSE APPROPRIATIONS COMMITTEE

30 MARCH 1993

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE



ADMIRAL STANLEY R. ARTHUR

United States Navy



Admiral Arthur was born in San Diego, California. He entered the U.S. Navy through the Naval Reserve Officer Training Corps (NROTC) Program at Miami University and was commissioned in June 1957.

Designated a Naval Aviator in 1958, he reported to VS-21 and later was a "plank owner" in VS-29. Admiral Arthur attended the U.S. Naval Postgraduate School where he earned a Bachelor of Science Degree in Aeronautical Engineering, followed by a tour of duty with VX-1, as Weapons Project Officer. After a tour in USS BENNINGTON (CVS 20), he reported to VA-55 aboard USS HANCOCK (CVA 19). He then reported to VA-122 as an A-7 Instructor Pilot and Maintenance Officer. Additionally, he became the first Officer in Charge of COMFAIRLEMOORE Weapons Training Center.

In July 1971, he reported to VA-164 as Executive Officer and assumed command a year later while again deployed in USS HANCOCK. During this tour, he completed over 500 combat missions in the A-4 Skyhawk. He then acquired a Master of Science Degree in Administration from George Washington University. Following assignments at the Bureau of Naval Personnel, he reported aboard USS SAN JOSE (AFS 7) as Commanding Officer in July 1976, and assumed command of USS CORAL SEA (CV 43) in June 1978.

Other significant assignments included the staff of the Commander in Chief, U.S. Pacific Fleet, Pearl Harbor, as Assistant Chief of Staff for Plans and Policy with additional duty as Commander, Rapid Deployment Naval Forces and U.S. Naval Forces Central Command; Commander, Carrier Group SEVEN; Director, Aviation Plans and Requirements Division (OP-50); and Director, General Planning and Programming Division (OP-80). Selected for the rank of Vice Admiral in February 1988, he assumed the duties as Deputy Chief of Naval Operations (Logistics).

On 1 December 1990, Admiral Arthur assumed duties as Commander U.S. SEVENTH Fleet and Commander, U.S. Naval Forces Central Command for Operations Desert Shield/Desert Storm. He directed the operations and tactical movements of more than 96,000 Navy and Marine Corps personnel and 130 U.S. Navy and Allied ships, including 6 aircraft carrier battle groups, 2 battleships, 2 hospital ships, 4 minesweepers and numerous combatant and amphibious ships. This represented the largest U.S. naval armada amassed since World War II. On 24 April 1991, he relinquished duties as COMUSNAVCENT and continued duties as Commander, SEVENTH Fleet until his change of command in July 1992. Admiral Arthur assumed current duties as the Vice Chief of Naval Operations on 6 July 1992.

Admiral Arthur has been awarded the Navy Distinguished Service Medal (3 awards), Legion of Merit (4 awards, 1 with Combat "V"), Distinguished Flying Cross (11 awards), the Meritorious Service Medal, individual Air Medal (4 awards), Strike/Flight Air Medal (47 awards), Navy Commendation Medal (2 awards, 1 with Combat "V"), various foreign personal decorations, and additional individual U.S. and foreign service and campaign awards.

Admiral Arthur is married to the former Jennie Lou Mapes of Jackson, Ohio. They have four children; Erin, Brian, Derek, and Brad.

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, IT IS MY PLEASURE TO BE HERE TODAY TO DISCUSS THE DEPARTMENT OF THE NAVY 1994 BUDGET, BUDGET REDUCTIONS IN GENERAL, AND THEIR POTENTIAL EFFECT ON READINESS. THIS COMMITTEE HAS ALWAYS BEEN PARTICULARLY THOUGHTFUL IN PROTECTING NAVY READINESS. YOUR CONTINUED CONCERN IS GREATLY APPRECIATED, AND I LOOK FORWARD TO WORKING WITH YOU AGAIN THIS YEAR.

I WOULD LIKE TO TAKE A FEW MOMENTS TO SUMMARIZE MY THOUGHTS AT THIS POINT, AND TO GIVE YOU SOME INSIGHT INTO OUR CONTINUING EFFORTS TO MAINTAIN FORCE READINESS.

READINESS IS NOT EASY TO DEFINE, AND IT IS NOT EASY TO QUANTIFY. BUT WHEN YOU ARE AN OPERATIONAL COMMANDER, YOU KNOW IT WHEN YOU SEE IT. WHEN WE TALK ABOUT READINESS, WE GENERALLY HAVE IN MIND A PICTURE OF A BRIGHT, WELL TRAINED SAILOR, COMBAT READY, HAVING AT HIS COMMAND STATE-OF-THE-ART OPERABLE EQUIPMENT (INCLUDING SHIPS AND AIRCRAFT), WITH STRONG LOGISTICS SUPPORT.

IF YOU BREAK THIS DOWN, YOU SEE A COMPLEX LINKAGE OF MANY BUDGETARY PIECES, EACH PIECE TIED TO THE OTHER. THE "BRIGHT" SAILOR MEANS THAT WE HAVE HAD ADEQUATE RESOURCES TO RECRUIT THE QUALITY "ALL VOLUNTEER" FORCE WHICH IS THE LINCHPIN OF OUR COMBAT CAPABILITY. "WELL-TRAINED" IMPLIES THAT OUR TRAINING PIPELINE, FROM SEAMAN TO PILOT TO SHIP CAPTAIN REMAINS OF HIGH QUALITY AND CAN PRODUCE THE RESULTS WE WERE SO IMPRESSED WITH IN

DESERT STORM. TECHNOLOGY, IN THE FORM OF OUR WEAPON, SHIP AND AIRCRAFT CAPABILITIES, DOES NOT COME CHEAPLY; BUT IT IS A NECESSARY CORNERSTONE OF OUR COMBAT PHILOSOPHY. LOGISTIC SUPPORT SPANS THE RANGE FROM HAVING THE RESOURCES FOR AIRCRAFT ENGINE AND AIRFRAME MAINTENANCE, INVESTING IN SHIP MAINTENANCE, PROVIDING TECHNICAL SUPPORT FOR DEPLOYED FORCES, AND IMPLEMENTING SUPPORT SHIP LEASES AND SERVICE-WIDE TRANSPORTATION FOR FOOD, FUEL, SPARE PARTS AND ORDNANCE THROUGHOUT THE WORLD WHERE OUR FORCES ARE DEPLOYED.

RATHER THAN TRYING TO DEFINE MY VIEW OF READINESS ANY FURTHER, I WILL ONLY SAY THAT FROM OUR VANTAGE POINT IT HAS FOUR CORNERSTONES - QUALITY PEOPLE, FIRST RATE TRAINING, TOP QUALITY EQUIPMENT INCLUDING EQUIPMENT MAINTENANCE AND SPARES, AS WELL AS LOGISTICS SUPPORT.

THE FISCAL YEAR 1994 BUDGET TAKES A BIG BITE OUT OF THE NAVY. IN FACT, YOU WILL SEE A 13 PERCENT DECREASE IN THE DEPARTMENT OF THE NAVY BUDGET. IN ABSORBING THIS DECREASE, WE HAVE HAD TO MAKE A SIGNIFICANT REDUCTION AND REALIGNMENT IN FORCES. FOR EXAMPLE, AT THE END OF FISCAL YEAR 1994 WE WILL BE DOWN TO 413 SHIPS. WE WILL HAVE TWO FEWER AIRCRAFT CARRIERS, TWENTY-ONE FEWER ACTIVE TACTICAL AND ANTI-SUBMARINE WARFARE AIRCRAFT SQUADRONS, AND OTHER TRAINING AND SUPPORT SQUADRON CONSOLIDATIONS. WE ARE DECREASING END STRENGTH BY 45,600 OFFICERS AND SAILORS. THIS IS THE LARGEST, END STRENGTH

DECREASE IN THE HISTORY OF THE ALL VOLUNTEER FORCE.

LET ME SAY AT THIS POINT THAT WE DO NOT HAVE EXPERIENCE IN THE BEHAVIOR OF THE ALL VOLUNTEER FORCE IN THIS CLIMATE OF GREAT CHANGE. THE END STRENGTH REDUCTION IS DIRECTLY TIED TO THE FORCE STRUCTURE DECREASE, AND TO REDUCE ANY FASTER WOULD UNDERMAN OUR PLANNED FORCE STRUCTURE. WE HAVE TO DO THIS RIGHT, OR THE PRICE WE WILL PAY IN READINESS WILL BE TOO HIGH, AS WE SAW IN THE SEVENTIES.

THE SEVENTIES WERE CHARACTERIZED BY A PERSONNEL INVENTORY INSUFFICIENT TO MAN THE FORCE AT THE REQUIRED EXPERIENCE LEVEL. DURING THAT DECADE, FOR EXAMPLE, WE WEATHERED A DISASTROUS SHORTFALL OF OVER 20,000 PETTY OFFICERS WITH SIX TO EIGHTEEN YEARS OF SERVICE. JUNIOR PERSONNEL WITHOUT THE NECESSARY EXPERIENCE LEVEL AND TECHNICAL SKILLS WERE REQUIRED TO DO WORK REQUIRING PRECISELY THOSE ATTRIBUTES. IT TOOK YEARS TO RECTIFY THE IMBALANCE, BECAUSE THE SOLUTION DOES NOT LIE IN SIMPLY RECRUITING OR RETIRING ENOUGH PEOPLE TO HAVE THE RIGHT "BOTTOM LINE" END STRENGTH NUMBER - THE EXPERIENCE DEFICIT, ONCE CREATED, MOVES AS A "WALKING HOLE" THROUGH THE CAREER CYCLE SLOWLY AND ONLY DISAPPEARS WHEN THAT ENTIRE GENERATION OF SAILORS HAS RETIRED.

THROUGHOUT THE DEVELOPMENT OF THE BUDGET, WE HAVE TRIED AS OUR FIRST PRIORITY TO MAKE SURE THAT OUR PERSONNEL ARE PROPERLY

SUPPORTED, AND THAT THE READINESS OF THE REMAINING FORCE IS MAINTAINED. THIS WAS NOT EASY. WE HAVE INTENTIONALLY INCREASED THE QUALITY OF LIFE FUNDING FOR OUR SAILORS. WE HAVE INCREASED THE FUNDING OF OUR BASES WITH A COMMITMENT TO NOT UNDERFUND THE INFRASTRUCTURE WHICH REMAINS AFTER THE BASE CLOSURE PROCESS.

OUR BUDGET IS TIGHT IN ALL AREAS. WHILE READINESS IS ADEQUATELY FUNDED, THERE IS LITTLE, IF ANY, ROOM TO MANEUVER. IN MANY RESPECTS, IT IS A HIGHER RISK BUDGET THAN ANY WE HAVE SUBMITTED IN THE PAST TWELVE YEARS. I WILL GIVE YOU SOME EXAMPLES OF WHAT I MEAN BY "HIGHER RISK." IN TERMS OF AIRCRAFT MAINTENANCE, THE TWO MOST STRAIGHTFORWARD INDICATORS OF READINESS ARE THE BACKLOGS OF AIRFRAMES AWAITING DEPOT LEVEL MAINTENANCE, AND OF ENGINES AWAITING REFURBISHMENT. IN THIS BUDGET, AIRCRAFT MAINTENANCE IS STRUCTURED TO MAINTAIN A BACKLOG LEVEL OF 150 AIRFRAMES AND 250 ENGINES. THAT MEANS THAT NOT ALL THE ENGINES AND AIRFRAMES WHICH ARE DUE FOR MAINTENANCE WILL BE WORKED. WE BELIEVE DEPOT MAINTENANCE IS FUNDED TO MINIMALLY ACCEPTABLE LEVELS. THIS CREATES A GREATER RISK TO READINESS IN BUDGETING FOR LARGER BACKLOG NUMBERS. HOWEVER, THE POTENTIAL LONG-TERM RISK ASSOCIATED WITH INCREASED DEPOT MAINTENANCE BACKLOGS ARE MORE ACCEPTABLE THAN THE SHORT-TERM CONSEQUENCES TO READINESS WHICH WOULD RESULT FROM REDUCED OPTEMPO LEVELS. WE HAVE FUNDED ABOUT 80 PERCENT OF THE REQUIRED PERIODIC SHIP DEPOT MAINTENANCE. THIS TOO, HAS SOME LONG-TERM READINESS RISK TO IT.

LARGELY BECAUSE OF OUR DRAMATIC DOWNSIZING, WE ARE PRESENTLY ABLE TO AVOID THE ACCUMULATION OF SHIPS IN MAINTENANCE BACKLOG. THE CURRENT LEVEL OF FUNDING PRODUCES A TOTAL OF THREE SHIPS WITH SCHEDULED, BUT UNFUNDED, OVERHAULS IN FISCAL YEAR 1994. THE NUMBER OF UNFUNDED RESTRICTED AND TECHNICAL AVAILABILITIES IN FISCAL YEAR 1994 IS APPROXIMATELY THIRTY.

WE HAVE TAKEN MAJOR REDUCTIONS IN OUR LOGISTICS AND SUPPORT INFRASTRUCTURE. WE ARE ACCELERATING THE PERSONNEL DRAWDOWN IN OUR SYSTEMS COMMANDS AND CONSOLIDATING FUNCTIONS THROUGHOUT NAVY. NATURALLY, THIS HAS ITS OWN EMBEDDED RISK. WE HAVE TO BE CAREFUL THAT WE DO NOT, BECAUSE WE ARE OVERLY AGGRESSIVE OR HAVE NOT PLANNED WELL, INAPPROPRIATELY DECREMENT VITAL FLEET SUPPORT PROGRAMS AS WE DOWNSIZE.

ADDITIONALLY, AS THE OPERATION AND MAINTENANCE, NAVY BUDGET GETS SMALLER, IT BECOMES MORE FRAGILE IN TERMS OF READINESS. I'LL GIVE TWO EXAMPLES OF WHAT I MEAN BY FRAGILE. LAST YEAR, THE CONGRESS CUT \$160 MILLION IN SPARES AND REPAIR PARTS FUNDING FROM THE NAVY BUDGET, BASED ON THE ACCELERATED DRAWDOWN OF FORCES AND THE UNCERTAINTY OF FUTURE FORCE LEVELS. WE HAD ALREADY TAKEN THESE REDUCED FORCE LEVELS INTO ACCOUNT IN OUR BUDGET, AS WE HAVE AGAIN THIS YEAR. WHEN WE PASSED THIS CUT OUT TO OUR FLEET COMMANDERS IN THEIR BUDGETS, NEITHER WAS ABLE TO ACCOMMODATE THE READINESS IMPACT THIS WOULD CAUSE. IN EFFECT, IT TRANSLATED INTO THE ANNUAL SPARES REQUIREMENTS FOR THIRTY-TWO

CRUISERS AND APPROXIMATELY HALF OF ALL MARINE CORPS FIGHTER/ATTACK AIRCRAFT. INSTEAD OF REDUCING SPARES FOR THESE SHIPS, WE DEFERRED THE MAINTENANCE AVAILABILITIES OF SEVERAL SHIPS. AS THE BUDGET GETS SMALLER, HOWEVER, WE WILL CONTINUE TO LOSE THE MANAGEMENT FLEXIBILITY NEEDED TO HANDLE THESE KINDS OF CUTS. IT IS IMPERATIVE THAT WE WORK TOGETHER SO THAT WE DO NOT UNINTENTIONALLY CREATE THE REQUIREMENT FOR THESE BAND AID FIXES.

REAL WORLD CONTINGENCIES CONTINUE TO IMPACT ON THE BUDGET. FOR EXAMPLE, IN SOUTHERN WATCH WE ARE CURRENTLY ABSORBING, WITHIN THE OPERATING ACCOUNTS, ABOUT \$200 MILLION IN UNPLANNED COSTS DUE TO INCREASED OPERATING REQUIREMENTS. OUR AIRCRAFT ARE FLYING AT ABOUT 150 PERCENT OF PLANNED BUDGET, AND OUR SHIPS ARE BURNING MORE FUEL THAN WE HAD BUDGETED. BOTH ARE DRIVING MAINTENANCE COSTS UP. AS THE BUDGET GETS SMALLER AND TIGHTER, OUR ABILITY TO ABSORB THESE KINDS OF CONTINGENCIES WITHOUT IMPACTING THE READINESS AND TRAINING OF THE REMAINDER OF THE FORCE DECREASES.

I AM ALSO CONCERNED ABOUT THE DEFENSE BUSINESS OPERATIONS FUND (DBOF) FINANCING MECHANISM BUILT INTO OUR BUDGET THIS YEAR. WE ALL MUST KEEP IN MIND THAT THE ACTUAL OPERATIONS AND MAINTENANCE, NAVY REQUEST SUBMITTED TO THE CONGRESS REFLECTS THE USE OF \$1.4 BILLION OF DBOF CASH TO BUY THE BUDGETED PROGRAM. AS YOU KNOW, THE SAME FINANCING TACTIC WAS BUILT INTO OUR BUDGET THIS YEAR, AND WE HAVE SEEN LESS THAN 10 PERCENT OF THE FUNDS TO

DATE. SINCE ALL CASH MANAGEMENT AND POLICY HAS BEEN REMOVED FROM THE SERVICES, WE HAVE NO VISIBILITY INTO THE OVERALL DBOF CASH POSITION. HOWEVER, IT IS CLEAR THAT THE IMPACT ON READINESS WILL BE DISASTROUS IF THE BALANCE OF FUNDS DOES NOT MATERIALIZE THIS YEAR. IF THIS YEAR IS ANY INDICATOR, OUR FLEET COMMANDERS WILL BE ON "PINS AND NEEDLES" NEXT YEAR AS WELL.

I WILL CONCLUDE BY SAYING THAT WE ARE, IN FACT, TAKING HIGHER READINESS RISKS THIS YEAR IN OUR BUDGET, BUT THE BUDGET IS ADEQUATE TO SUPPORT THE NAVY AND THE NATION'S REQUIREMENTS. I LOOK FORWARD TO ANSWERING ANY OF YOUR SPECIFIC QUESTIONS.

Mr. MURTHA. Any questions for the Navy?

HOLLOW FORCE

Mr. YOUNG. Mr. Chairman, I would like to follow up on one thing that Admiral Arthur mentioned several times and that is a hollow force. Admiral, I realize the position you are in wearing the uniform and working for the Commander-in-Chief, but isn't it a fact that if the present budget climate continues, we will have a hollow force?

Admiral ARTHUR. It depends how we get there. The concern is that as long as we bring force levels and personnel down in a balanced fashion, then what we have left should be as good as what we have today. But if we get out of sync, and the potential in the past has always been in a declining budget atmosphere, you start to get out of sync.

In other words, you end up holding on to more force structure or infrastructure. Then your operating dollars go to pay for things that may not be operationally necessary. So our job will be to make sure that we keep those married up.

Eventually you get down to a force that is useable, but not very well trained.

OPERATIONS TEMPO

Mr. MURTHA. Let me add to that. Another part of the equation is the tempo of operations. If your mission remains the same and then you have to deploy the number of carriers and forces and go into Somalia, you won't be able to maintain this balance because it sounds like what General Peay said—that we are talking about an increase in mission rather than decrease. I am sure the Navy has the same problem, so mission is as important as anything.

Admiral ARTHUR. Yes. The most troubling aspect we have now is that we see ourselves being used more and more than we were in the past and legitimately so.

We are holding very close to our turnaround ratios for our ships and personnel and holding the length of our deployments down so that we don't make the 11-month cruises that I used to make as a mid-grade officer.

Mr. MURTHA. That is what leads to people getting out.

Admiral ARTHUR. Some time in the near future we are going to run out and have to say we can't be there unless it is an absolute emergency.

SUSTAINABILITY

Mr. YOUNG. On the subject of hollow forces, as we reduce, assume that we do reduce in sync, we don't develop a hollow force and we keep a ready force, readiness would be at a high level. What about sustainability?

Admiral ARTHUR. Again we treat that as part of our readiness equation. We want to make sure that we don't go back to the days of switching spare parts as we used it to cross deck spare parts back and forth between the ships.

As we enter this drawdown, we have everybody fully spared. If we continue that, we will maintain the sustainability as long as

those pieces that reside in warehouses and in fuel farms and things like that do not get drawn down.

If they are drawn down, eventually you get to the point where you turn and look behind you and they are not there anymore.

HOLLOW FORCE

Mr. HEFNER. I don't understand exactly what the definition of a hollow force is. To some folks, a hollow force is not the same definition as to others. We also don't know where things will flare up. It seems there is a new potential problem area every time you look up. Then you have the differences of opinion as to how much commitment we are going to make with manpower, and how are we going to commit troops to places like Bosnia? I think the Joint Chiefs strongly urged against that.

We are going to get leaner and meaner, but I know in years past in this Committee, we found that we were completely out of sync in knowing where our spares and things were. Not having spare parts when you need them can result in a hollow force as fast as anything else.

I don't think there is any—if you look up hollow force in the dictionary I don't think there is a definition for that, is there?

Admiral ARTHUR. I don't think so. From our standpoint, a hollow force can occur for various and sundry reasons. In other words, if we go back to what happened to us the last time around, after we had a hollow force as we entered the eighties, we were bankrupt across the board. We had people of not the right quality. We had people who had been with us for a long time who were of the right quality that said, "I am tired of managing people that do not have the right quality."

We had equipment that we could not fix. We had ships that we could not get underway because there were just too many casualties resident on the ship to get it safely underway. We had training problems where even with the people that we had, we could not make a big enough investment in their training to steam safely or operate our equipment.

So you can run the gamut. You can go hollow because you have no more spares or sustainability or because you don't have the right kind of people. Then there are all sorts of mixing and matching in between.

C-17 PROGRAM

Mr. HEFNER. Just the doors alone are not going to assure that you always have the right kind of people. For instance, we had a hearing on the C-17 and we found that this program started back in the early eighties and we have a cost overrun of some \$1.3 billion on this program to this point and for the first six years nobody wanted to claim any responsibility. Nobody was in charge of this program. It was out there and the discussions were given to us, the company that had the contract was a real good company. We just thought they would do a good job so we just left it up to them. When I said we are going to have to get leaner and meaner, we have to be sure we have good management people in to look after our dollars.

I just left consulting engineers that want us to change the formula to how they get paid from a 6 percent to not having any cap. I said you have to show me how that will be able to save some money. We have to be sure that we have people in these positions that are looking after these dollars.

I would imagine in those days it wasn't totally because we didn't have the money. It was because we weren't managing very well?

Admiral ARTHUR. There were lots of management problems then, yes. When you look at this thing, you have to look at it from top to bottom and tighten it down every place in between.

Mr. HEFNER. However it turns out on what some call duplication among the services that will have to be resolved because we will have very few dollars and will have to determine what our priorities are if everybody gets what will work. I am for that. I just get frustrated trying to sift through it all and make hopefully intelligent decisions.

Thank you, Mr. Chairman.

Mr. MURTHA. Mr. Livingston.

DEPLOYMENTS

Mr. LIVINGSTON. Thank you, Mr. Chairman. Gentlemen, good to be with you. One manifestation of a hollow force is tasking people to do jobs that they simply cannot do because either they don't have the resources or the equipment or maybe they are just personally overextended. We have closed down the Subic Naval Base for example.

Who knows how many other Navy bases, certainly hundreds of bases of all services around the world. And for the purposes of the Navy, Admiral, it means that it is less easy to forward deploy, to be out there in the actual spots and to meet the contingencies as they develop which means that you have got to start from closer in and go further out presumably over extended periods of time.

I know that there has always been the policy in recent years at least that our Navy and Marines might be out for six months at a time, but I suspect that that is already being strained. In Somalia when we were there in January, there were ships there with Navy and Marines aboard that had been at sea for some three months and now it is the end of March.

I don't know whether those particular ships are still there, but I would suspect that some of the troops are still out there, and I know that at the same time we were flying troops to Kuwait for their third tour in three years, we are talking about putting anywhere from 10,000 to 50,000 troops in what was Yugoslavia. We have still got troops in Japan, South Korea, we have ships all over the world. We have gone from what was planned to be a sixteen carrier battle group down to now twelve. Some people say ten. How do you keep the poor sailor and the Marine, the airmen—by the way, Air Force guys have been flying C-130s for thirty days in Somalia at that time without a break, every single day, thirteen hours. The same is true of the Army—overextended. It seems to me we are already pushing the breaking point. Am I wrong?

Admiral ARTHUR. There is a right and wrong in there. For the ships and the crews associated with the ships, such as the amphibious

ous group that went to Somalia, we brought them home on time. We made their six-month window. Going from the other direction, I had a request from the fleet commander to take and deploy an amphibious ready group 12 days early, which would have busted by two days their turnaround ratio. In other words, they had been on deployment and we owed them a full year back before they went again. They wanted to eat into their turnaround two days and I wouldn't let them do it. I said figure out another way. The operational folks were not very happy. That was a bureaucratic answer to them, but we are holding the line as tightly as we can so that we don't bust those things unnecessarily. If there is a crisis, we will go. But if it is just "We want them here because we think there is a problem." We are going to hold to our six-month windows and turnaround ratios as best we can. If we have to bust those, everybody in the chain will know this is serious.

PERSONNEL SHORTFALLS

Mr. MURTHA. Elaborate because they weren't here when we talked about petty officers before.

Admiral ARTHUR. We came into the 1980s with a 20,000 petty officer shortfall and that shortfall for all intents and purposes was our mid-grade petty officers with six to eighteen years of service. We lost them because we were making the long deployments, we had been on seven, eight, nine months deployments, some times eleven months in those days. We were turning them back around very shortly after. Yet we were not able to make the right investments on the equipment that they had to maintain or the people they were supposed to be training so they said, "We are tired;" and they left. That is why we established, some years back, this optempo formula that we use so that we consciously know at my level and the CNO level that we are starting to do something that cost us in the past. So we make a very conscious decision every time we have to bust those formulas.

When we came out of the Desert Shield/Desert Storm, our number one goal was to regain the optempo base we had before. We made a conscious effort for those units that were there and were extended. For the most part of the Navy, we were able to rotate, but for some units, we did not, such as my flagship. We went into a "get them home, bed them down so they can stay at home," and we can get the clocks recalibrated.

Mr. LIVINGSTON. The Bush plan called for a \$60 billion cut, the optimum Clinton plan calls for another \$50 or \$60 billion on top of that and on top of that your lives will all be made better because we will have gays in the military legally, right.

Admiral ARTHUR. That is not going to make my life any better, sir.

Mr. MURTHA. Mr. Skeen.

SPARE PARTS

Mr. SKEEN. thank you, Mr. Chairman. We talked about spares, and I am really concerned about it because it has become a popular target for warehouse sniffing media to walk in and see the storage

supplies and the rest. I am concerned about restriction in the fleet force, et cetera.

Do we have a backlog of spares and things of that kind, the equipment you are talking about to keep these ships operable and the right kinds? Are we going to try to dissipate that along with everything else we are doing?

Mr. MURTHA. We are going to have a spares hearing tomorrow.

Mr. SKEEN. I will hold fire on that then. Thank you.

Mr. MURTHA. General Boomer.

SUMMARY STATEMENT OF GENERAL BOOMER

General BOOMER. Mr. Chairman and Members of the Committee, thank you.

Mr. MURTHA. I have to interrupt. When I was in Saudi Arabia, General Luck had a briefing in the desert. He said the 82nd Airborne landed before the Marines. He said the Marines finally came in but the 82nd secured the landing area for the Marines. Could you comment on whether that actually happened?

General BOOMER. Yes, sir. You have asked me that before on a couple of occasions.

Mr. HEFNER. Would you allow me a little levity here—when I was in Saudi Arabia, General Boomer asked me to call his father because it was his birthday. To show you how impressed his father was that a Congressman would call him, I called him on his birthday and I told him I had seen his son who asked me to call and wish him happy birthday. He said, I appreciate that but I got to go, I am picking beans. So everything is relative.

General BOOMER. I will try to be a little more serious than my dad was about your call, Mr. Congressman.

Since I have been diverted already from my notes, I would like to address Congressman Hefner's question about the definition of a hollow force.

I can give you two examples in my career. The first has to do with equipment. I remember a time in the Marine Corps when battalions would go out deployed aboard ship for six months and when they came back, they would turn over their equipment to the battalion that was relieving them so they could deploy for six months.

That is a hollow force. The second example involves my company in Vietnam and I had some marvelous young men in that company. But they were not of the same caliber as the young people that we have today. I remember one young man who had a tough time keeping things in his head. You say, well, infantrymen don't need to keep things in their head. They do. We were in the middle of the jungle on a very tough operation and he, when the guy in front of him turned left, he would go right because he was lost in his own thoughts. He did that, we lost him. We had to stop the entire operation at great risk to an entire battalion to find this young man that we weren't going to leave there to the North Vietnamese. That is an example of hollowness.

There is a bright side to 1994. It involves our people and equipment. First, I would like to thank you and this committee for your support during Desert Shield/Desert Storm, your visits and the work the committee itself did. We were eminently successful

during that campaign. I think it reflected well on our readiness. But the primary reason that we were successful was because of the caliber of our people.

You can have the best equipment in the world and if you don't have the kind of young men and women that we have today, it is all for nothing. We devote precious assets to recruiting those young men and women. I spent five years recruiting. I have been talking to recruiters. I can report that we are okay right now. We are still getting the quality of young men and women that we need but there are some danger signs I think lurking on the horizon.

One, we are discovering that the young people out there aren't really sure whether we are hiring or not because of what they read about the downsizing of the force. Second, they are really not certain that if they come in, they are going to have a viable career. So we have really got to keep an eye on this recruiting problem. It is at the heart of maintaining a ready force.

We are going to continue to put our best people on recruiting duty and while it may seem strange, it may be that we are going to have to put a little more money into recruiting even as we draw down.

Our equipment during Desert Storm performed superbly from maritime prepositioned to light armored vehicles to aircraft and systems, to the missiles. We discovered, however, deficiencies in the Marine Corps. We learned a lot from that campaign, that we needed to improve intelligence, and command and control systems, and you saw during your visits.

This committee has helped with money to correct those deficiencies and we are buying that equipment now in 1993. I won't go through the whole list of things but it is paying off for us already in Somalia and with our MEUs that are currently deployed. So in some ways it is a good picture thanks to your help. On the not so bright side, as you know the Marine Corps budget has to devote 77 percent to manpower accounts, 77 percent of the Marine Corps budget is devoted to paying our salaries. What that means is when we begin to reduce the budget, our rather meager operations and maintenance accounts and our procurement accounts are hurt rather dramatically. With that as a back drop, when we saw that the drawdown was going to occur, we asked some of our bright people to come in and study how we were going to do this. That was headed up by now Lieutenant General Chuck Krulak. We said, okay, how do we get down to the assigned base case number of 159 and not be hollow? How do we do that? They said, you are going to have to cut battalions, not pieces. As you draw down cut squadrons, battalions and associated service support, and that is what we are in the process of doing. By 1997 if we reach that figure, we will have cut 35,000 Marines, which is 10 combat battalions, nine flying squadrons and the service support to go with it.

A second part of the charter for that study group was this. Okay, tell us how low we can go and still meet the CINC's requirements and not break the backs of our people. And they said you can go to 176,000.

Now, the significance of that is this: our operational tempo right now is about 47 percent, in other words, our Marines in the Fleet Marine Force are gone away from their families close to half of the

time. Our operational tempo at 159,000 will be over 60 percent if the requirements don't change, which is 200 days out of the year they will be away from their families.

And that optempo equation doesn't include everything, doesn't include all of the time that they are away. I will give you another example. When we came back from Saudi, we hadn't been back home hardly a month and I had to deploy one of those returning battalions down to the southwest border. That kind of stuff doesn't get included in this optempo equation. Today we have 30,000 Marines deployed. Last year at the same time we had 22,000 deployed and in the intervening months we have cut the force by 9,000. I don't see any lessening of this situation. And I won't recite every place the Navy and Marine Corps has been during 1991 and 1992, but you can't tell the Marines that they are going to be any less busy because they sure don't see it.

So our readiness dilemma as I look at the problem—at about 176,000, we can meet the CINC's requirements as they exist today but now our 1994 budget mandates a plan to go to 174,000, 2,000 less than we had anticipated next year. We had to do that in order to keep things balanced so as not to cut into O&M and procurement funds. There is very little budget flexibility there for us.

In conclusion, we have tried to devise a way to draw down the Marine Corps and not make it hollow. By the time we are through however, while what is left will be capable, overall we will not have the capability that you have known for the past few years and we will not be able to meet the CINC's requirements, if they don't change, without breaking the backs of our people.

[The statement of General Boomer follows:]

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STATEMENT OF
GENERAL WALTER E. BOOMER, U.S. MARINE CORPS
ASSISTANT COMMANDANT OF THE MARINE CORPS
BEFORE THE
SUBCOMMITTEE ON DEFENSE
HOUSE APPROPRIATIONS COMMITTEE
30 MARCH 1993

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UNITED STATES MARINE CORPS

HEADQUARTERS MARINE CORPS, DIVISION OF PUBLIC AFFAIRS
WASHINGTON, D.C. 20380, (703) 614-4309



GENERAL WALTER E. BOOMER, USMC

General Walter E. Boomer is the Assistant Commandant of the Marine Corps, Headquarters Marine Corps, Washington, D.C.

General Boomer was born September 22, 1938 in Rich Square, N.C., and graduated from Randolph Macon Academy, Front Royal, Va., in 1956. He earned a B.A. degree from Duke University, Durham, N.C., in 1960, and was commissioned a second lieutenant in the Marine Corps. He also holds a M.S. degree in Technology of Management from American University, Washington, D.C. (1973).

After completing The Basic School, Quantico, Va., in January 1961, his first assignments were with the 1st Battalion, 8th Marines and the 2d Battalion, 2d Marines, 2d Marine Division, Camp Lejeune, N.C., where he was platoon commander, weapons platoon commander and battalion training officer, respectively, from 1961-1964. He was promoted to first lieutenant in December 1961, and to captain in April 1965.

General Boomer saw combat action from 1966-1967 in the Republic of Vietnam as the Commanding Officer, Company H, 2d Battalion, 4th Marines. Returning from overseas, he attended the Amphibious Warfare School at Quantico. Upon completion of school, he was promoted to major in May 1968, and was transferred to Headquarters Marine Corps, Washington, D.C., for duty as the Administrative Assistant and Aide-de-Camp to the Deputy Chief of Staff for Plans and Programs. Following this assignment, he attended the Armed Forces Staff College in Norfolk, Va.

In 1971, General Boomer attended the Short Advisors Course at Fort Bragg, N.C., in preparation for advisor duty with the South Vietnamese Marines. In August of that year, he returned to Vietnam as an advisor to a South Vietnamese Marine Infantry Battalion.

Transferred back to the states in September 1972, he attended American University, receiving his M.S. degree in December 1973. The following month, he began a three-year tour as a management instructor at the U.S. Naval Academy, Annapolis, Md. During the last year of his tour, he was the Chairman of the Department of Management. He was promoted to lieutenant colonel in September 1976.

From July 1977 to June 1980, General Boomer was stationed in Hawaii, where he served as Executive Officer, 3d Marines, 1st Marine Brigade, and then as Commanding Officer, 2d Battalion, 3d Marines. Returning to the mainland in July 1980, he attended the Naval War College, Newport, R.I., graduating with distinction in June 1981.

He then assumed the duties as the Deputy Director of the Fourth Marine Corps District, Philadelphia, Pa. He was promoted to colonel on Nov. 1, 1981, and became the Director of the Fourth Marine Corps District on June 17, 1983.

During February 1985, General Boomer returned to Quantico to assume command of the Marine Security Guard Battalion. While serving in this capacity, he was selected in April 1986 for promotion to brigadier general. He was advanced to that grade on June 2, 1986, and assigned duty as the Director of Public Affairs, Headquarters Marine Corps on June 7, 1986. He served in this capacity until May 27, 1988, when he was assigned duty as the Commanding General, 4th Marine Division (Rein), FMF, New Orleans, La. On March 14, 1989, he was advanced to major general. General Boomer was promoted to lieutenant general on Aug. 8, 1990. On Aug. 15, 1990, General Boomer deployed to Saudi Arabia, where he served as the Commanding General, U.S. Marines Central Command and I Marine Expeditionary Force during Operations Desert Shield and Desert Storm. On April 22, 1991, he returned to Camp Pendleton and assumed the duties of Commanding General, I Marine Expeditionary Force/Commanding General, Marine Corps Base. He served in this capacity until Sept. 6, 1991. General Boomer reported to Quantico, Va., on Sept. 27, 1991, where he assumed duty as the Commanding General, Marine Corps Combat Development Command. He was promoted to general on Sept. 1, 1992, and assumed his present position.



General Boomer's medals and decorations include: the Distinguished Service Medal; Silver Star Medal with gold star in lieu of a second award; Legion of Merit; two Bronze Star Medals with Combat "V"; Navy Commendation Medal with Combat "V"; Combat Action Ribbon; Presidential Unit Citation with one bronze star; Navy Unit Commendation with two bronze stars; Meritorious Unit Commendation with two bronze stars; Marine Corps Expeditionary Medal; National Defense Service Medal with one bronze star; Armed Forces Expeditionary Medal; Vietnam Service Medal with bronze star; Southwest Asia Service Medal with three bronze stars; The King Faisal Award, 2d Class; "Ordre National du Mérite"; Republic of Vietnam Cross of Gallantry with silver and gold stars; Republic of Vietnam Meritorious Unit Citation (Gallantry Cross color with palm); Republic of Vietnam Meritorious Unit Citation (Civil Actions color); the Republic of Vietnam Campaign Medal; and the Kuwait Liberation Medal.

General Boomer is married to the former Sandra Lokey of Alexandria, Va., and has three children: Susan, Helen and Steven.

(Revised Dec. 11, 1992 HQMC)

READINESS UNDER THE BASE FORCE

As reductions to the Department of Defense Budget continue, and your Marine Corps downsizes its structure to meet the goals of the Base Force, our overriding mutual intent must be to ensure that we do not degrade capabilities. Our Corps must continue to be the "force in readiness" mandated by you -- the U.S. Congress -- more than forty years ago. As stated then, you expect us to be "most ready when the Nation is the least ready," and it is that decree which must guide our current efforts. I believe the reasons behind the need for that dictate are as valid today as they were then. To achieve these objectives, we must preserve the essential, balanced capabilities inherent in sustained Marine Air-Ground Task Force operations. Our continued efforts must ensure the command, ground combat, aviation combat and combat service support elements continue to accomplish synergistic, combined arms mission successes.

The many factors that must enter into our planning towards this goal include doctrine, equipment maintenance, training, education, supply, and many others. However, there is one ingredient which is the cornerstone and has always been a forte of our Corps -- its people. We must take care of the young men and women who give their all to defend this great Nation. It is they who would be most affected if we do not accomplish our task wisely and we create this mutant arrangement known as a "hollow force." Let me explain.

In the late 1940's, and more recently in the 1970's, we watched our military

proficiency erode away as our nation's security and ability to influence action around the world decayed into a hollow force. Morale sagged as once proud and successful units were insufficiently manned. These undermanned forces were further hollowed by a lack of resources to properly train. Their equipment and weapons became increasingly worn and dated with no replacements in sight as deteriorating base and station infrastructure lowered the quality of life for even the service family.

The Marine Corps FY94 budget helps us maintain the capability and flexibility to rapidly deploy, employ, and sustain forces ranging in size from a Special Purpose Force to Marine Expeditionary Forces with capabilities to respond to crises which range the spectrum of conflict from war to civil relief and humanitarian aid. Our participation in such diverse operations as Restore Hope in Somalia; and the Florida, Guam, and Hawaii Disaster Relief efforts demonstrate the flexibility and utility our nation has come to expect from its Corps of Marines. In addition, Marines continue to serve in other ways: security and assistance for Haitian refugees at the Guantanamo Naval Base; counter-narcotic operations; and forward presence in the western Pacific, Southwest Asia, and the Mediterranean. What these operations have in common is that they support the most important pillars of our National Military Strategy -- Forward Presence and Crisis Response.

The capability to deploy and sustain forward sea-based Navy-Marine Corps forces, evolved over the years, continues to be relevant in today's emerging security environment. This is especially true for regionally-focused littoral operations as described in the National

Military Strategy and the Navy-Marine Corps White paper . . . From the Sea: Preparing the Navy for the 21st Century. However, we must be cautious. If our forces are reduced precipitously, we could dramatically diminish Marine Corps resilience and adaptability. We could reach a point of unacceptable risk in our ability to successfully accomplish the myriad of missions required of us by Unified Commanders and the national Command Authority. However, let me first address the positive aspects of our on-going evolution.

Throughout our country's defense history, the Marine Corps has always found innovative ways to bring an excellent return on investment for taxpayer dollars. Examples of the unique Marine Corps ingredient in our national security and other undertakings are numerous. In the 1930's and 1940's, we were at the forefront of developing new tactics and technology for an effective amphibious doctrine. In the 1950's, far-sighted Marines realized that the emerging technology of vertical envelopment with rotary wing aircraft had the potential for utility in many functions which have now become a mainstay for operations. During the Vietnam War, Combined Action Companies and Platoons were an unparalleled success against a backdrop of controversy. More recently, innovations such as the Maritime Prepositioning Force (MPF) provided an increase to our traditional rapid response capability. During both Desert Shield and Operation Restore Hope, Maritime Prepositioning Forces assets enhanced the Marine Corps capability to accomplish our mission at a fraction (10%) of the airlift sorties which would have been required to move like forces had the MPF not been available.

Our evolutionary methodology continues. In 1991, the Commandant of the Marine Corps commissioned a force structure planning group (FSPG) to determine the most effective and capable Marine Corps force structure needed to comply, if possible, with fiscally mandated base case strength levels. The FSPG conducted this analysis by building, from the bottom up, an appropriately balanced force based on the DoD assigned end-strength, and then assessed this force against the requirements of our National Military Strategy and requirements of the Unified Commanders in Chief. The FSPG ascertained that a Marine Corps of about 176,000 Marines would be the minimum number required to meet the forward presence, crisis response and warfighting requirements of our nation's security.

The plan provides a force structure which is specifically designed to support our total force concept of employment for joint and combined operations well into the 21st century. The plan is flexible and provides a well balanced force at 176,000 Marines to support the concept outlined in "...From the Sea." We continue to seek greater efficiency with smaller numbers in our operating forces and support structure.

The Marine Corps Reserve is, as always, an important and integral ingredient to our capability. Reserve units are structured and equipped to form complementary pieces which precisely fit into active component formations. The "mirror imaging" of similar units in the Active and the Reserve Components contributes to unparalleled successes when we task organize our Marine Air Ground Task Forces with the specific capabilities required to "accomplish the mission." The success of Marine Reserve mobilization in support of active

forces during Desert Shield and Desert Storm serves as the prototype for future operations of this kind.

As we improve our operating force, we continue to seek greater efficiency in the way our Service headquarters is structured to organize, train, and equip forces for the nation. Recently, a group of officers was tasked to develop reorganization options for our headquarters to improve functional relationships and optimize available structure to perform our roles and functions. Recommendations have been presented to the Commandant for decision. In addition, headquarters reductions since FY86 have reduced the number of people at our Headquarters here by 622 (23.9 percent). Furthermore, the General Officer Reduction Plan will result in an overall reduction of nine general officers from FY90 through FY95. This a 12 percent reduction. Lastly, a study group is in session at Quantico, Virginia to identify possible function and manpower efficiencies in our bases and stations.

Other notable efficiencies will come from the efforts of the combat development planning group. This group was directed by the Commandant to determine an efficient and effective process for Marine Corps combat development. The result included a newly articulated concept based requirements system that solidly supports the efficient and effective allocation of scarce resources among six major requirements categories. The process is modeled after the DoD prescribed process for determining weapons and equipment acquisition and provides a parallel process for the other major requirements categories of doctrine, training and education, organization and facilities and support. This process is

currently being institutionalized by our Marine Corps Combat Development Command at Quantico. It will become the engine that drives new innovations and concepts, and modernizes existing technology and thought. In so doing it will brace the Naval expeditionary foundation of our National Military Strategy today and on into the future. I believe we will lead DoD in this powerful approach to combat development.

That's the good news. We continue to seek greater efficiency with smaller numbers in our operating forces and the support structure. However, allow me to outline some concerns I have. First, while our FSPG study determined that 176,000 Marines would provide for a well balanced force able to meet the needs of the CinC's, mandated cuts in the 1994 budget have forced us to take our planned force level reductions in FY94 to 174,000. To have remained at 176,000 under the imposed budgetary restraints would have resulted in not being able to complete the very modest modernization efforts mandated by the lessons of Desert Storm.

High usage rates and harsh conditions also accelerate the required depot-level maintenance rate for much of our equipment. In an effort to alleviate this situation, reduce costs, and quickly return equipment to operating condition, we instituted "Inspect-or-Repair-Only-as-Necessary" procedures at our two multi-commodity maintenance centers. We are doing this vice the costlier, more time consuming method of total tear-down and rebuild. Even with these efforts, the projected unfunded depot maintenance backlog increases from \$0 in FY92 to \$242M in FY94.

Efficiencies in ammunition rework are also in place. As a standard cost savings measure, ammunition is surveyed and reworked, vice replaced, to return it to serviceable condition. Surveillance and rework of our ammunition to eliminate the increased work load left over from Desert Storm will continue through fiscal year 1994.

Our primary maintenance efforts continue to be directed towards complete reconstitution of the Maritime Prepositioning Force to pre-Desert Storm levels. Even though each squadron was re-loaded from Desert Storm with the best available equipment, rework and reconstitution at Blount Island for our thirteen ships will continue on through FY94. Although this is a time and asset consuming process, it can be interrupted if there is an urgent need to use this national asset, such as with Restore Hope.

One final example of equipment maintenance concerns involves the medium and heavy helicopter lift problems resulting from CH-53E spare parts shortfalls. The shortfalls result from a decreasing mean-time-between-failure rate of critical components. Increased usage and age of aircraft are the principal contributors to this problem. Current contracts and delivery schedules have not kept pace with the accelerated spare parts usage rate. Adjustments will lag as it takes time for the supply system to line up behind the new support needs.

As our equipment and weapons grow old or become out-paced by technological advancements, they must be replaced. Some acquisition warning lights are flashing, and

most illustrative of this is our current medium lift requirement. Our CH-46E's were developed with 1950's technology, and procured in the 1960's. Despite several programs for modernizing this aircraft over the years, it is -- stated simply -- a "tired" aircraft. The medium-lift requirement is currently being supplemented by the CH-53D. While the CH-46 was originally intended to meet this requirement independently, due to current limitations and availability, the CH-53D heavy lift role must be degraded to meet the growing crisis in medium lift. This is a prime example of "robbing Peter to pay Paul." The CH-46 inventory will be short four squadrons by 1999 as these planes continue to reach the end of their service life.

As potentially threatening to our small portion of the DoD pie as these O&M concerns may be, two related areas are potentially more grievous: Quality of life and operation deployment (OPTEMPO). Our force may indeed become hollow if expedient actions are not taken.

While equipment readiness is important, more vital are those areas which impact upon the proficiency and morale of our Marines. Our infrastructure is being stretched to a point which could adversely impact on readiness. Our sixteen major bases and stations provide the homes, messing, maintenance facilities, ranges and training areas for our operating forces and their families. The quality of this support is crucial to sustainment of a viable Marine Corps. Requirements for resources to maintain this infrastructure are becoming more demanding. Competing demands, such as mandated actions for environmental compliance,

are being accomplished. However, they are at the expense of major shortfalls in other critical programs. For example, the maintenance of real property experiences an increase in the projected backlog from \$490M in FY92 to \$789M in FY94.

Exacerbating the situation are natural disasters such as the recent floods on the West Coast. Current estimate of Marine Corps (vice Navy) funding required to correct flood damage in Southern California is \$57M for FY93 and \$18M for FY94. Our request for assistance to alleviate this burden is being processed through the Department of Defense. It is a disaster area as sure as any other, and, if relief is not provided, mission capabilities will be degraded and significant quality of life, safety, and environmental compliance shortfalls will ensue.

The uncertainty over the DBOF cash transfer mandated by Congress in the FY93 Appropriations Act adds further agitation to FY93 operations and implies adverse funding implications for the out years. The Marine Corps is slated to receive \$39M of a scheduled \$230M transfer. The difference is to be provided as DBOF cash is generated. Unfortunately, this presents a near term cash flow problem. This temporary cash shortfall coincides with other emergent requirements I just mentioned, notably Operation Restore Hope in Somalia and the Southern California flooding. These bills are being paid during FY93. None of these requirements are reflected in the FY94 budget submission.

These emerging difficulties pale when compared to perhaps the greatest threat to our

efforts to avoid a hollow force, OPTEMPO. OPTEMPO is measured by dividing the number of months a unit is required to be deployed each year by 12, the number of months it is available for deployment. The standard deployment is six consecutive months; however, depending on mission requirements, they can be longer or shorter. The infantry battalion is used as the pacing unit to measure OPTEMPO for its Marines and associated combat support and combat service support organizations. Deployments and field training away from home, which are not directed by higher authority, are not included in the OPTEMPO percentage. Also not included in OPTEMPO percentages are unscheduled deployments made in response to civil disturbances, natural disasters, and other crises. In other words, only deployments which are directed by higher authority are used to calculate OPTEMPO. Therefore, the actual amount of time Marines spend away from their families is greater than that reflected in the figures which follow.

The Marine Corps provides forces for the forward presence requirements of three CinC's: USPACOM, USEUCOM and USCENCOM. These forces include three Marine Expeditionary Units (MEU's), forward deployed, and four infantry battalions, forward based, in Japan. It requires a total of 15 six-month infantry battalion deployments per year to maintain this current level of forward presence. Requirements such as joint or combined exercises, combined arms exercises, bi-lateral training, mountain warfare training, and other mandatory training add about two months of additional deployment time to each battalion's schedule.

These deployments result in an OPTEMPO, using the 24 infantry battalions currently in our structure, of 47%. In order to not "hollow" our force, we will cut vertically (entire units) and not horizontally (number of people in each unit). Thus, the Base Force level of 159,000, currently scheduled for attainment in FY97, will support only 16 infantry battalions. With no reduction in CINC requirements, OPTEMPO increases to 63%. This means that, in a 30-day month, a Marine is home a maximum of only 11 days. While these percentages are certainly cause for concern by themselves, they become even more alarming when you consider they don't include unexpected deployments and routine military skills proficiency training in the field.

Frequently, higher OPTEMPO's exist for special skill Marines and units. Aviation OPTEMPO, for example, will increase as squadrons are reduced disproportionately to the maneuver units they support. This is also true for command and control, combat support, and combat service support Marines. Certain basic ratios of lift, supply, transportation, etc. to combat forces are necessary for sustained and successful combined arms warfare. These ratios may be reduced from a desirable 4:1 to 3:1 or lower.

Hollow force problems are exacerbated by OPTEMPO and vice-versa. A high OPTEMPO jeopardizes readiness with its potential degrading effect on maintenance, supply, training (individual and unit), and personnel. Each and every factor which measures readiness is adversely affected when units consistently redeploy with less than a desirable 18 months between six month deployments. The following OPTEMPO factors are immutable:

- As requirements increase, OPTEMPO increases.
- As force structure is reduced, OPTEMPO increases.
- As OPTEMPO increases, resource requirements increase.
- As OPTEMPO increases, readiness is degraded.

There are ways to alleviate these trends. OPTEMPO percentages can be decreased by reducing the number of deployments or increasing end-strength. Deployments can be reduced by eliminating requirements or by permanently assigning Marines overseas. There are costs, and risks, to doing any of these things. Our careful analysis has shown that a reduction in CINC-imposed requirements might be difficult. We have further determined that an end-strength in the mid 170,000's would provide enough capability and flexibility to maintain OPTEMPO percentages at a level which will not cause extreme hardships and unreasonable burdens for Marines and their families. Marines, their spouses, and their children sacrifice much; we don't need to make them martyrs.

Recently, the Joint Staff addressed OPTEMPO problems in terms of implementing smaller force levels, smaller overseas deployments and lower operating tempos. However, these approaches do not work for the Marine Corps. Given the current strategic environment, Marine Corps forward presence requirements contribute significantly to the unfolding world situation. We realize our position as the enabling force for any sequencing of CONUS based forces in response to crisis. Ours is the day-to-day mission that must be accomplished to allow maximum flexibility to the Congress and National Command

Authority.

Numbers of battalions and end-strength say nothing of the underlying support necessary to avoid a capability facade. We recently faced a large, modernized Iraqi military force. This supposed monolith was handily defeated. It was poorly trained and poorly maintained. Morale and discipline were lax. It was a hollow force.

Simple cuts, or increases, in end-strength cannot be viewed in isolation. Proponents of associated "fair share" appropriations in other budget categories such as Procurement, Marine Corps (equipment) and Operation and Maintenance, Marine Corps, cannot be allowed to overlook the complexities of nourishing a fit military. The symbiotic relationship between personnel, procurement, and operations and maintenance budget items must not be ignored. Each must be considered individually and in relation to each other. Although short-term and apparently attractive cost savings can be realized with unwise budget cuts today, our nation requires tailored investments to avoid a hollow force and to ensure long-term security and continuing United States influence for future generations. The world situation may no longer threaten our very existence, but uncertain dangers and legitimate responsibilities still exist.

DEPLOYMENTS

Mr. MURTHA. I made a much less detailed report to 35 defense reporters not long ago. One reporter asked me what percentage of troops actually are deployed. What actual percentage of the 170,000—what do you have in the Marine Corps now?

General BOOMER. 182,500.

Mr. MURTHA. That were actually deployed, is everybody deployed 50 percent of the time, 10 percent deployed 50 percent of the time—

General BOOMER. Everybody is not deployed 50 percent of the time. Those who are in the Fleet Marine Force, 110,000 people, they are the ones that are deployed half of the time.

Mr. MURTHA. So half the troops are deployed half the time?

General BOOMER. Yes, sir. The rest are in training and in the support establishment running bases, et cetera.

MARRIED PERSONNEL

Mr. MURTHA. What percentage of Marines are married today?

General BOOMER. A much larger percentage than I would like. I don't mean to be flip about it. I will have to check for the record.

[The information follows:]

As of February 1993, 72.31 percent of Marine officers (13,764) and 44.08 percent of Marine enlisted personnel (72,179) were married.

Mr. MURTHA. One Marine squadron commander said there were 11 out of 17 pilots in his squadron that had been divorced in the last year and a half. Are you finding this to be a big problem in other units besides Marine squadrons, that they are away so much they are having domestic problems?

General BOOMER. We have known for some time that these deployment situations stress our families. While I don't have the overall Marine Corps divorce rate in my head, we have been concerned about it now for the last few years. I had focused not so much on the officers, on the pilots and the older Marines, as I had focused on our young Marines, and the divorce rate there isn't pretty but I don't have that number.

Mr. MURTHA. Send that number to me personally and for the record.

[The information follows:]

The following information identifies the number of Marines that were in a divorced status at a given time:

	Annulled	Divorced	Interloc	Total	Percent active force
Fiscal year 1990.....	17	5,307	4	5,328	2.7
Fiscal year 1991.....	17	5,818	5	5,840	3.0
Fiscal year 1992.....	25	5,812	5	5,842	3.2
Fiscal year 1993.....	24	5,648	4	5,676	3.1

Mr. MURTHA. Any other questions? Mr. Hefner.

VOLUNTEER FORCE VS. THE DRAFT

Mr. HEFNER. I am Chairman of the Military Construction Subcommittee and I think we have been negligent in providing the necessary funds to take care of the men and women in the military. We haven't kept up with the cost of living in the last four years.

To me that is an unacceptable situation because we have tried to concentrate in that committee on the quality of life for our people. I have been one of those that support and think we should have kept the draft. I think you have to admit even with the shortcomings that we have and the hardships our men and women endure we still have a very expensive situation with our retirement.

You mentioned the young man you had that couldn't keep up. Had we had the draft, you would have had access to everybody that was able-bodied in the country. How would that have been any different than an all-voluntary Army?

General BOOMER. I don't think it would have been different because during that period, we were participating in the draft. There is no way that that young man could have gotten into the Marine Corps today. I know that he would not have passed our mental test cut-off. As I recall, he certainly wasn't a high school graduate.

Mr. HEFNER. You have the same manpower pool out there regardless of how you get them into the service.

General BOOMER. You have the same pool. If you went to the draft, you certainly would want to ensure that you drafted only those who were mentally and physically qualified. I would say of the same caliber that we are getting in today vis-a-vis the all-volunteer force. I think that has been the key to our success in recent years, the caliber of person we get.

Mr. HEFNER. I agree but you have to admit it is a very expensive force that we have. Would you agree with that?

General BOOMER. If you drafted them, what you are suggesting, sir, is that if you drafted them, you wouldn't have to pay them as much as we are paying them today.

QUALITY OF LIFE

Mr. HEFNER. If you drafted them, the ones that wanted to opt to stay in and make it a career would have that option.

I think it is fair to say that when we are talking about retention, you've got to have an adequate place to live and work and adequate day care for the children and we haven't been doing a very good job of that.

If we are going to improve on that there will be an extra cost. It is a very expensive force that we have and it is a very good force.

General BOOMER. It is a good force. Admiral Arthur reminded me of something that a commander of British forces during Desert Storm said to both of us on one occasion contrasting what he perceived to be the professionalism of our forces versus his. He felt that we had some advantage vis-a-vis our all-volunteer situation. But you are right, either way we are going to have to pay attention to the qualities of life. Our military construction budget this year in the Marine Corps is severely stressed. We are not going to build any new family housing at Camp Pendleton this year which we

had anticipated doing. We are going to take that money and try to upgrade what we have so we are seeing an immediate effect.

Mr. HEFNER. This is not something new. We are over 100 years behind our replacement of facilities in all services. I must put the blame across the river where it belongs, because the focus hasn't been on quality of life. We have been so caught up with sophisticated systems that we have neglected the basics, quality of life for our troops.

I have visited bases where these service members were living in World War II conditions; where they were operating the most sophisticated equipment in the world and have to walk across an unpaved parking lot and stand in a shower with water up to their ankles to take a shower. That is absolutely unacceptable and we have been negligent in that regard.

That has nothing to do with what we are talking about but I think it is something we have to think about because if we are going to have the quality of life we should have, that is going to have to take a little bit larger piece of the pie.

General BOOMER. I agree with the emphasis on quality of life.

INTELLIGENCE SUPPORT

Mr. YOUNG. In your opening comments you made the statement that one of the things we learned in Desert Storm is that we needed to improve intelligence. Shortly after Desert Storm concluded, General Schwarzkopf made a similar statement and it was written up in the media. This Committee held hearings on the suit and there were differences of opinion on the quality of intelligence during Desert Shield and Desert Storm. Could you comment in detail because intelligence certainly is a part of readiness. If there is a problem in the area of intelligence, we need to do something about it.

General BOOMER. It was not all bleak. I must tell you that we had better intelligence during Desert Storm than I ever dreamed of having when we were in Vietnam. I don't recall ever getting a single piece of intelligence there for an entire two years that was ever correct or ever meant anything to me. It was an entire intelligence wasteland from my perspective. On the other hand, I did know where every Iraqi unit was located.

So the whole thing wasn't broken. What we discovered on our side was that we didn't have the systems to disseminate a lot of the intelligence that was coming to us. When I got back, I also discovered what the dissemination situation was in Washington. I had people tell me, "I didn't know you wanted those pictures. I had them here in my safe."

Mr. YOUNG. Can you be more specific on who those people were?

General BOOMER. These were Defense Intelligence Agency folks, people who wanted to help. We need to put this dissemination piece together and I think we will make dramatic improvements. On the Marine Corps side, we are currently buying some systems that will help us do that, thanks to the Committee.

Mr. YOUNG. Thank you very much, General. Thank you, Mr. Chairman.

Mr. LIVINGSTON. I have some questions both for General Boomer and General Peay which I would like to submit for the record, Mr. Chairman. On that last point, General Boomer, I would have to say the obtaining of those pictures cost this country a lot of money. It cost the taxpayer a lot of money. It would seem that somebody must have realized they were worth more than just for the pleasure of somebody to sit back and look at them. That is frightening.

I hope we can get that straightened out.

General BOOMER. I do think we have made significant progress in that area, Congressman Livingston.

Mr. LIVINGSTON. Well, reading the book by General Moore, "We Were Soldiers and Young," it talks about the lack of intelligence in 1965. He flew his troop of soldiers into the middle of no where and bingo they were surrounded by the North Vietnamese Army.

General BOOMER. When they were supposed to be there, they weren't, and when they weren't supposed to be there, they were. That is how it worked usually.

RECRUITING

Mr. LIVINGSTON. I hope we will use this testimony on readiness trying to rectify some of the problems I see on the horizon. I think it is tolerable today but I share the concerns of the Chairman and others who have spoken here that we are on the borderline. I think that the volunteer army and the volunteer services has worked. We grade our recruits, from Category I to IV.

General BOOMER. Yes, sir.

Mr. LIVINGSTON. The Category Is being with some college, perhaps lots of college?

General BOOMER. It is determined by their score on the Armed Forces entrance exam and the category Is are those who score the highest and IV being the lowest.

Mr. LIVINGSTON. How many Category IVs does the Marine Corps take today?

General BOOMER. None today, sir.

Mr. LIVINGSTON. How many Category IIIs?

General BOOMER. I will take that for the record. Someone just gave me that figure—a little over 50 percent IIIs and the rest Is and IIs.

[The information follows:]

MARINE CORPS CATEGORY I-IV ASSESSIONS

	Cat I	Cat II	Cat III	Cat IV
Fiscal year 1992.....	1,049	11,662	19,126	5
Feb 1993.....	485	4,917	8,872	2

Mr. LIVINGSTON. Is that more IIIs than two years ago?

General BOOMER. It is about the same.

Mr. LIVINGSTON. Back in the days of Vietnam and thereafter, all the services would take kids not only without high school educations, but who were in trouble with the law, who had drug and alcohol problems, virtually any problems and the best place to get

them off the street was to shove them into the service, but that didn't necessarily solve the services' problems for needs, did it?

General BOOMER. It compounded our problems terribly. In 1977 I took over an infantry battalion and in 30 days kicked out 60 people. Once I had gotten rid of that leftover residue of bad times, that unit just took off. I think that was probably pretty indicative of what was happening all over our armed forces.

Mr. LIVINGSTON. Is it fair to say that the success that you have had in getting the cream of the crop into the Marine Corps has been shared by the other services?

General BOOMER. Yes, sir, I think it has. As I looked around during Desert Storm where I had the opportunity to have all of the services working for me in one way or another, they are just superb across-the-board.

QUALITY OF FORCES

Mr. LIVINGSTON. Is it fair to say that the quality of those troops and sailor and airmen enabled us to have the substantial victory that we had in Kuwait?

General BOOMER. Absolutely. It pays off in so many other ways too. For example, as we drove into Kuwait it was a very, very confused battle field as General Peay can testify as a division commander. About 75 percent of the Iraqis wanted to surrender and 25 percent wanted to fight. If you put yourself in the shoes of a serviceman that is a tough decision.

What they did, I think because they are well trained and they are smart and they understand, is that they brought in this group of 75 percent. They didn't shoot first and ask questions later. They brought in the prisoners and then they dealt with the 25 percent. That is the caliber of young American that we have. We captured 22,000 Iraqis in the Marine zone alone.

Mr. LIVINGSTON. Then the \$64 question is projecting the cuts that are on the books and plans for the next two or three years. By 1997, unless the direction of the Defense budget changes drastically, will we be able to repeat the demands that we met throughout the 1980s?

General BOOMER. By 1997 if we draw down to what we are anticipating that we might have to, I do not believe we will be able to repeat it.

Mr. LIVINGSTON. Thank you.

[CLERK'S NOTE.—Questions submitted by Mr. Livingston and the answers thereto follow:]

NAVY/MARINE CORPS READINESS

Question: General Boomer, last year the Committee provided advanced procurement funds for the LHD-6 and additional funding for the fourth LSD-CV. Could you comment on how important these vessels are in meeting the Marine Corps amphibious lift requirement?

Answer: Our requirement is for 3 Marine Expeditionary Brigade (MEB) equivalents of amphibious lift. The Department is currently programming to a fiscally constrained lift goal of 2.5 MEB equivalents. It is imperative that this fiscally constrained amphibious

fleet be carefully tailored to support the warfighting Commanders-in-Chief (CINCs) as well as the day-to-day needs of the Nation. Both the LHD-6 and LSD-52 are essential if we are to continue providing the CINCs with the flexible forward deployed forces they require for crisis response, peacekeeping, and humanitarian relief missions and to provide an adequate fleet of amphibious ships to transport amphibious surge from CONUS to overseas locations in response to larger contingencies.

The current DoD forward naval presence policy calls for flexible forward presence in 3 Areas of Responsibility (AOR). This policy, promulgated in August of 1991, represents a reasonable risk compromise between the stated requirements of the warfighting CINCs and the capability of our downsizing fleet to provide support. Analysis indicates that 12 Amphibious Ready Groups are the minimum number required to carry out this policy. Since the policy was promulgated, world events (Bosnia and Somalia) have dictated more stringent presence requirements. These unforeseen events further illustrate the need for a flexible and responsive force.

LHD-6 will be the eleventh modern Big Deck Amphib. Not only do we need the LHD-6, we need the LHD-7 as well in order to achieve a force of 12 ARGs. The LSD-52 will result in 12 LSD-41/49 class ships. These ships are essential in attaining our lift goal of 2.5 MEB equivalents tailored to support 12 ARGs.

ARMY READINESS

Question. General Peay, how do the Operation and Maintenance, Army (OMA) resource reductions affect readiness?

Answer. Army training and readiness are totally dependent on adequate overall OMA funding. The assumption that OPTEMPO equals readiness and conversely, fully funding OPTEMPO assures adequate readiness is emphatically not true. Readiness is a very complex issue, one on which the Nation's defense ability is dependent. In the FY93 budget process, Congress' overall adjustments decremented Operation and Maintenance (OMA) accounts and plused up procurement; the impact (negative) to OMA is foreboding as it reflects a greater rate of reduction than that of the overall Army's downsizing. This trend is particularly disturbing to the Army leadership as all reasonable flexibility within OMA is gone, other than in "fixed cost" expenses; the only place left to reduce expenditures is in "efficiency/cost saving" measures that ultimately erode readiness.

The Army leadership reviews readiness reports, indicators, and trends each month and have noted that current trends indicate that readiness is beginning to reflect the negative effects of reduced resources. The reports reflect Commander's attempts to stretch resources for training as well as supply and maintenance requirements. Ultimately this will lead to the following mission area reductions: (1) Reduced Brigade/Battalion level training, (2) Training ranges will deteriorate, (3) Facilities would deteriorate beyond economical repair levels resulting in undesirable living standards and endangering quality of life for service members and their families (4) Limited availability of supplies to train with, (5) Unavailability of repair parts to maintain equipment. This com-

bined with the ancillary reduction in OMA Base Operation Support, which is already critically underfunded (OCONUS is funded at only 40% of requirements), will further erode training (e.g., soldiers will have to perform waste removal and grounds maintenance functions, leaving them unavailable for training).

The Army OMA budget has reached a "barebones status" and further reductions (including unfunded missions i.e., RETROEUR, BRAC, peacekeeping missions etc.) threaten to create the potentially ominous scenario of an Army that is under resourced, under trained, and under maintained—a hollow force. The Army is committed to maintaining training of the existing Base Force as its highest priority, and tough tradeoff decisions have been made in an attempt to execute a meaningful training program without sacrificing installation support and quality of life. Nevertheless, the Army needs Congressional help to protect OMA funding and provide us with the flexibility to adequately train and maintain forces, defend our nation and perform peacekeeping/disaster relief missions as necessary.

Question. General Peay, do you believe current trends indicate that readiness is already beginning to show the negative effects of reduced resources?

Answer. The effect of personnel shortages as well as supply and transportation costs combined with operational requirements have had a negative effect on readiness in the short term.

As we restructure the base force into a power projection Army, manning priorities have shifted to our rapidly deployable and contingency elements. As we make necessary adjustments, personnel readiness rates will fluctuate and fall below goal in certain units. The result has been characterized by increasing numbers of unmanned, and "less than fully manned" weapons systems and crews/squads in some non-contingency force units.

Personnel and Equipment Readiness has also been affected by the large numbers of soldiers accepting participation in voluntary early release programs. This is particularly acute in low density support and technical skill groups such as aviation repair that are highly transferable into the private sector.

Supply and transportation costs impact on current Training Readiness. Shortfalls in supply funds have forced a number of units to pay Supply Depot Operations (SDO) processing costs out of operating funds to obtain major end items of equipment. Adjustments in operating funds also include cutbacks in Army Materiel Command (AMC) Second Destination Transportation (SDT) funds. Consequently, commanders must pay the shipping costs out of unit operating funds for each end item, detracting from maintenance and training.

The cumulative effects of personnel shortages as well as supply and transportation costs combined with operational requirements have had a negative impact on training readiness. Only by intense management efforts will commanders be able to stabilize or slow decreasing readiness levels. Trends of Total Army readiness will continue to decline until an equilibrium of requirements and resources is reached.

Question. General Peay, in this budget environment, what are the most important steps Congress can take to ensure a high state of readiness for the Army?

Answer. Army training and readiness are totally dependent on adequate overall OMA funding. The assumption that OPTEMPO equals readiness and conversely, fully funding OPTEMPO assures adequate readiness is emphatically not true. Readiness is a very complex issue, one on which the Nation's defense ability is dependent. In the FY93 budget process, Congress' overall adjustments decremented Operation and Maintenance (OMA) accounts and plused up procurement; the impact (negative) to OMA is foreboding as it reflects a greater rate of reduction than that of the overall Army's downsizing. This trend is particularly disturbing to the Army leadership as all reasonable flexibility within OMA is gone, other than in "fixed cost" expenses; the only place left to reduce expenditures is in "efficiency/cost saving" measures that ultimately erode readiness.

The Army leadership reviews readiness reports, indicators, and trends each month and have noted that current trends indicate that readiness is beginning to reflect the negative effects of reduced resources. The reports reflect Commander's attempts to stretch resources for training as well as supply and maintenance requirements. Ultimately this will lead to the following mission area reductions: (1) Reduced Brigade/Battalion level training, (2) Training ranges will deteriorate, (3) Facilities would deteriorate beyond economical repair levels resulting in undesirable living standards and endangering quality of life for service members and their families (4) Limited availability of supplies to train with, (5) Unavailability of repair parts to maintain equipment. This combined with the ancillary reduction in OMA Base Operation Support, which is already critically underfunded (OCONUS is funded at only 40% of requirements), will further erode training (e.g., soldiers will have to perform waste removal and grounds maintenance functions, leaving them unavailable for training).

The Army OMA budget has reached a "barebones status" and further reductions (including unfunded missions i.e., RETROEUR, BRAC, peacekeeping missions etc.) threaten to create the potentially ominous scenario of an Army that is under resourced, under trained, and under maintained—a hollow force. The Army is committed to maintaining training of the existing Base Force as its highest priority, and tough tradeoff decisions have been made in an attempt to execute a meaningful training program without sacrificing installation support and quality of life. Nevertheless, the Army needs Congressional help to protect OMA funding and provide us with the flexibility to adequately train and maintain forces, defend our nation and perform peacekeeping/disaster relief missions as necessary.

Question. General Peay, does readiness equate directly to OPTEMPO?

Answer. OPTEMPO is only a small portion of the overall readiness funding, it does not equal readiness. OPTEMPO refers to the funding required to allow units to train to their Mission Essential Task List (METL). Assuming only OPTEMPO funding provides readiness is a short-sighted view of readiness, because for units to

be able to fully train to their METL, functions such as: services, utilities, facilities repair and maintenance, supply and maintenance, institutional training, accessions training, and communications and intelligence, must be supported so that the Army can provide a quality, trained, and ready force. Optimal readiness is achieved only when training and day-to-day operations and maintenance requirements are adequately resourced to ensure the Army has the ability to achieve the goals established in the National Military Strategy.

Question. General Peay, how important are modernization and procurement resources to readiness? Are they more important than operation and maintenance resources?

Answer. The linkage of modernization to readiness lies not in the competition between Operation and Maintenance (OMA) and procurement resources but in the recognition that the smaller the Army becomes, the more modern and technologically overmatching it must be. OMA must be funded to support the base force in accordance with the National Military Strategy and to resource the Army's training and sustainment requirements. Equally, the Army's modernization program must be supported; it has been structured, within available resources, to provide the overmatching technologies required to inflict large loss exchange ratios against future enemies. These goals can be accomplished only through a modernization strategy of horizontal technology insertion to our main battle systems. The Army must balance resources across all appropriations to establish the deployability, lethality and versatility required for land force dominance.

Question. General Peay, how important is institutional training in maintaining Army readiness?

Answer. Training is made up of two distinct pillars, Institutional and Unit training. These pillars are intertwined and inseparable. For the force to be trained and ready, both components of training must be present in the appropriate amounts. The training of our soldiers and leaders is an investment in our future and is perhaps the investment with the highest return that we can make.

Institutional training provides technical and skill training for our soldiers. Leader development for officers and noncommissioned officers is accomplished in the institutional training base. The primary purpose of the training base is to provide soldiers and leaders that are fully qualified in their individual skills to units throughout the Army.

If the training base is unable to perform its institutional training mission, then soldiers and leaders who are not fully trained are sent to the field. The effect is that unit commanders must then spend their valuable training time and resources to teach skills that should have been taught in the training base. This places an additional burden on the commander and detracts from his primary peacetime mission of unit training, training the unit in the collective tasks required to perform its mission in combat—the second pillar of training—and will negatively impact unit readiness.

The Army's concepts of institutional and unit training were validated in Desert Shield and Desert Storm. We must maintain the

high standards and quality of soldier and unit training that enabled us to win decisively on the battlefield.

Question. General Peay, is tiered readiness an effective option for the Army?

Answer. The Army has examined tiered readiness. On the surface, the resourcing of units in a pyramid fashion which is tiered readiness seems reasonable for the conservation of resources when the nature of the threat is well defined and relatively low. This approach would allow a large force to be maintained with only those units with a high probability of utilization being maintained at a mission ready status.

Tiered readiness is not a viable option for the Army because it removes the flexibility on which the Army must depend. This flexibility is the key to ensuring the Army's capability to respond to a wide spectrum of threats to national security and support the national military strategy especially as the Army transitions to a much smaller force.

The Army readiness strategy divides units into three force packages based on their missions and their highest deployment sequence. Army units are assigned missions based on the requirements for operation and contingency plans. However, the Army has never been resourced to maintain all of its units equivalently. There are insufficient forces and too many missions to allow units a single mission or deployment priority. All Army units have multiple missions tied to multiple war and contingency plans which they must be ready to execute. If the Army is to fulfill its missions it must maintain a smaller but highly ready force which can be tailored quickly, calling on its complete inventory of diverse units, to create a mission-appropriate force.

The Army is committed to the priority of quality and readiness even at the expense of the size of the force. If the Army is to deter aggression and support the national military strategy, it must retain the readiness of its units to respond to future threats with speed and a tailored force to meet diverse threat forces. The Army's ability to respond quickly and with the proper force is a more credible deterrent to aggression than the promise of a larger force after a preparation period. The alternative to a highly ready force is a delayed or inappropriate response to future threats.

[CLERK'S NOTE.—End of questions submitted by Mr. Livingston.]

Mr. MURTHA. Mr. Skeen, any questions?

Mr. SKEEN. No, Mr. Chairman.

Mr. MURTHA. General Carns.

SUMMARY STATEMENT OF GENERAL CARNS

General CARNS. Mr. Chairman, I also welcome the opportunity to present views to this important panel. In the interest of time, I will submit not only the comments for the record, but also not read a prepared statement of summary.

The Air Force shares problems similar to what you have heard from my other Service members. We believe that readiness is composed of two important components, not only the outputs that we measure but also attitude.

While we can figure out how much equipment and personnel and training has taken place, it is also important to make sure we have the morale, the experience, the leadership and the motivation in our people that goes along with readiness. So today I think the output is harmonized. We have things in relatively good balance, evidenced not only by the supreme performance of our Services in Desert Storm, but also in the many follow-on activities we are engaged in ranging from Bosnia to Somalia and a large force presence in the Gulf on the south side of Saudi and in Turkey doing overwatch of Iraq.

We have stresses on the horizon. The issue is the trend line. I cannot tell you what the trend line is going to be because the bottom up review has just begun in the Defense Department and the 1994 budget which has been sent to you is a holding budget until we sort out exactly how we are going to do it. But the challenge is on all three fronts to make sure we can maintain the readiness, maintain the modernization and maintain the plant and equipment. That is going to be very tough.

These stresses also include how we are being funded. And the Admiral mentioned that the Defense Business Operations Fund—DBOF—is of great concern because it is a component of the O&M money, the now money that we use to make sure our forces are ready. There has been some difficulty in making sure those payments were made not only in quantity but on time. We make a lot of commitments and we have to pay bills during the year.

If those payments don't come on time, we must draw money forward from other quarters to make it. When you draw money from quarters, that means you will either run out of money in the future quarter or we will have to go through reprogramming in order to make it.

In 1993 we have stresses but I think they are in relatively good balance. The evidence is out there in the programs we are executing around the globe. 1994 also looks all right, but the trade-offs will get tougher among readiness, modernization and maintaining plant and equipment. DBOF is an uncertainty. The funding is not coming in on the schedules that we expect it. So the issue for the future is the slope and maintaining that slope to make sure that things stay in balance, because if they do not stay in balance, we are going to suffer. We will have a ready force that does not modernize and ultimately will not be ready or we will have a hollow force that is trying to modernize in order to get ready. But if we do not maintain balance, we will not deliver to the American people the national security that they are paying for.

[The statement of General Carns follows:]

D E P A R T M E N T O F T H E A I R F O R C E

P R E S E N T A T I O N O F T H E C O M M I T T E E O N A P P R O P R I A T I O N S

S U B C O M M I T T E E O N D E F E N S E

U N I T E D S T A T E S H O U S E O F R E P R E S E N T A T I V E S

S U B J E C T: R e a d i n e s s o f F o r c e s

S T A T E M E N T O F: G E N E R A L M I C H A E L P . C . C A R N S
 V i c e C h i e f o f S t a f f o f t h e A i r F o r c e

March 1993

N O T F O R P U B L I C A T I O N U N T I L R E L E A S E D
B Y T H E C O M M I T T E E O N A P P R O P R I A T I O N S ,
U N I T E D S T A T E S H O U S E O F R E P R E S E N T A T I V E S



Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330-1000

GENERAL MICHAEL P.C. CARNS

General Michael P. C. Carns is vice chief of staff, Headquarters U.S. Air Force, Washington, D.C.

General Carns was born June 23, 1937, in Junction City, Kan., and graduated from St. John's High School, Washington, D.C., in 1955. He earned a bachelor of science degree from the U.S. Air Force Academy in 1959 and a master's degree in business administration from Harvard University in 1967. The general completed Squadron Officer School in 1963 and the Royal College of Defence Studies, London, in 1977.

He was commissioned as a second lieutenant upon graduation from the academy. He completed primary pilot training in March 1960 at Graham Air Base, Fla., and basic pilot training at Laredo Air Force Base, Texas, in September 1960. After pilot instructor training at Randolph Air Force Base, Texas, General Carns returned to Laredo, where he served as a flight instructor. From December 1961 until June 1962 he was aide to the commander, Air Reserve Records Center, Denver. He then served as aide to the commander, 4th Air Force Reserve Region, Randolph, until July 1963, when he began a two-year tour of duty as an air operations officer there.



After graduation from Harvard University in 1967, General Carns was assigned to the 476th Tactical Fighter Squadron, George Air Force Base, Calif., flying F-4s. In January 1968 he transferred to the 40th Tactical Fighter Squadron, Eglin Air Force Base, Fla., again flying F-4s. From August 1968 to September 1969 he was assigned to the 469th Tactical Fighter Squadron, Korat Royal Thai Air Force Base, Thailand, where he flew 200 combat missions in the F-4E.

Upon his return to the United States in September 1969, he was assigned as a plans and programs officer with the Air Staff, Air Force headquarters. He later was aide to the Air Force chief of staff.

From September 1973 to May 1975 General Carns commanded the 613th Tactical Fighter Squadron, 401st Tactical Fighter Wing, Torrejon Air Base, Spain. He then was assigned for almost two years as special assistant to the chief of staff, Supreme Allied Commander Europe, Supreme Headquarters Allied Powers Europe, Mons, Belgium. After completing the Royal College of Defence Studies, the general was assigned to the 81st Tactical Fighter Wing, Royal Air Force Station Bentwaters, England, as deputy commander for operations.

He returned to the United States in March 1979 and took command of the 354th Tactical Fighter Wing, Myrtle Beach Air Force Base, S.C. The general moved to Nellis Air Force Base, Nev., in October 1980 as commander of the 57th Fighter Weapons Wing. In June 1982 he became director of operations, J-3, Rapid Deployment Joint Task Force, later redesignated U.S. Central Command, MacDill Air Force Base, Fla. He became deputy chief of staff for plans, Headquarters Pacific Air Forces, Hickam Air Force Base, Hawaii, in July 1984, and deputy chief of staff for operations and intelligence in June 1985. In July 1986 he assumed command of 13th Air Force, Clark Air Base, Philippines. In June 1987 he was assigned as deputy commander in chief and chief of staff, U.S. Pacific

(Current as of August 1991)

Command, Camp H.M. Smith, Hawaii. He became director, the Joint Staff, Washington, D.C., in September 1989. He assumed his present position in May 1991.

The general is a command pilot with more than 6,400 flying hours. His military awards and decorations include the Defense Distinguished Service Medal with oak leaf cluster, Distinguished Service Medal, Silver Star, Defense Superior Service Medal, Legion of Merit with three oak leaf clusters, Distinguished Flying Cross, Air Medal with 10 oak leaf clusters, Air Force Commendation Medal and the Government of the Philippines Outstanding Achievement Medal.

He was promoted to general May 16, 1991, with same date of rank.

General Cams is married to the former Victoria Greco of Washington, D.C. They have two children, Michelle and Marc.

PERSONAL FACT SHEET - GENERAL MICHAEL P.C. CARNS

A. PERSONAL DATA

1. Born - June 23, 1937, Junction City, Kan.
2. Wife - Victoria
3. Children - Michelle and Mark

B. EDUCATION

Graduated - U.S. Air Force Academy, bachelor of science degree, 1959; Harvard University, master of business administration degree, 1967; Royal College of Defence Studies, London, 1977.

C. SERVICE

1. June 1959 - March 1960 - student, primary pilot training, Graham Air Base, Fla.
2. March 1960 - September 1960, student, basic pilot training, Laredo Air Force Base, Texas.
3. September 1960 - December 1961, flight instructor, Laredo Air Force Base, Texas
4. December 1961 - June 1962, aide to the commander, Air Reserve Records Center, Denver.
5. June 1962 - July 1963, aide to the commander, 4th Air Force Reserve Region, Randolph Air Force Base, Texas.
6. July 1963 - September 1965, air operations officer, 4th Air Force Reserve Region, Randolph Air Force Base, Texas.
7. June 1967 - January 1968, F-4 pilot, 476th Tactical Fighter Squadron, George Air Force Base, Calif.
8. January 1968 - August 1968, F-4 pilot, 40th Tactical Fighter Squadron, Eglin Air Force Base, Fla.
9. August 1968 - September 1969, F-4 pilot, 469th Tactical Fighter Squadron, Korat Royal Thai Air Force Base, Thailand.
10. September 1969 - October 1970, plans and programs officer, Headquarters U.S. Air Force, Washington, D.C.
11. November 1970 - August 1973, aide to the Air Force chief of staff, Headquarters U.S. Air Force, Washington, D.C.
12. September 1973 - May 1975, commander, 613th Tactical Fighter Squadron, 401st Tactical Fighter Wing, Torrejon Air Base, Spain.
13. May 1975 - December 1976, special assistant to the chief of staff, Supreme Allied Commander Europe, Supreme Headquarters Allied Powers Europe, Mons, Belgium.
14. January 1978 - March 1979, deputy commander for operations, 81st Tactical Fighter Wing, Royal Air Force Station Bentwaters, England.
15. March 1979 - October 1980, commander, 354th Tactical Fighter Wing, Myrtle Beach Air Force Base, S.C.
16. October 1980 - June 1982, commander, 57th Fighter Weapons Wing, Nellis Air Force Base, Nev.
17. June 1982 - July 1984, director of operations, J-3, Rapid Deployment Joint Task Force, later redesignated U.S. Central Command, MacDill Air Force Base, Fla.
18. July 1984 - June 1985, deputy chief of staff for plans, Headquarters Pacific Air Forces, Hickam Air Force Base, Hawaii.
19. June 1985 - July 1986, deputy chief of staff for operations and intelligence, Headquarters Pacific Air Forces, Hickam Air Force Base, Hawaii.
20. July 1986 - June 1987, commander, 13th Air Force, Clark Air Base, Philippines.
21. June 1987 - September 1989, deputy commander in chief and chief of staff, U.S. Pacific Command, Camp H.M. Smith, Hawaii.
22. September 1989 - May 1991, director, Joint Staff, Washington, D.C.
23. May 1991 - present, vice chief of staff, Headquarters U.S. Air Force, Washington, D.C.

D. DECORATIONS AND SERVICE AWARDS

Defense Distinguished Service Medal with oak leaf cluster
 Distinguished Service Medal
 Silver Star
 Defense Superior Service Medal
 Legion of Merit with three oak leaf clusters
 Distinguished Flying Cross
 Air Medal with 10 oak leaf clusters
 Air Force Commendation Medal
 Joint Meritorious Unit Award
 Air Force Outstanding Unit Award with "V" device and two oak leaf clusters
 Air Force Organizational Excellence Award
 Combat Readiness Medal with three oak leaf clusters
 Air Force Recognition Ribbon
 National Defense Service Medal with service star
 Armed Forces Expeditionary Medal
 Vietnam Service Medal with four service stars
 Air Force Overseas Ribbon - Short
 Air Force Overseas Ribbon - Long, with four oak leaf clusters
 Air Force Longevity Service Award Ribbon with seven oak leaf clusters
 Small Arms Expert Marksmanship Ribbon
 Air Force Training Ribbon
 Republic of Korea Order of National Security Merit, Gudseon Medal
 Government of the Philippines Outstanding Achievement Medal
 Most Noble Order of the Crown of Thailand (First Class) Medal
 Republic of Vietnam Gallantry Cross with Palm
 Republic of Vietnam Campaign Medal

E. EFFECTIVE DATE OF PROMOTION

<u>GRADE</u>	<u>DATE</u>
Second Lieutenant	Jun 3, 1959
First Lieutenant	Dec 3, 1960
Captain	Dec 3, 1963
Major	Dec 1, 1969
Lieutenant Colonel	May 1, 1973
Colonel	Dec 1, 1975
Brigadier General	Jan 1, 1982
Major General	May 1, 1985
Lieutenant General	Jun 22, 1987
General	May 16, 1991

Mr Chairman and members of the committee, it is a pleasure to testify before you today on the subject "Readiness of Forces." Our military dictionary defines readiness as "The ability of forces, units, weapon systems, or equipment to deliver the outputs which they were designed." Said another way, readiness is being prepared to execute/prosecute US interests decisively, with minimal loss of personnel. In fact, readiness is a measurement of how well we have organized, trained, equipped and maintained our forces and weapons.

But the task of measuring readiness is not an easy one. For example, OPTEMPO and readiness are not the same. OPTEMPO is an indicator activity. It says nothing, per se, about the quality of training--to include the myriad skills an aircrew member is expected to be proficient in to be truly combat ready. For example, our transport crews have been accumulating many hours of flight in support of operation Restore Hope. Much of this time is cruise time; readiness of our mobility crews also depends on proficiency in key tasks, such as air drops, troop drops, air refueling contacts, cargo drops, low level navigation, and many others.

Other indicators useful in measuring readiness include crewforce experience levels, crew ratios, unit manning levels, equipment status, and level of spares. All of which is to say, that readiness is a complex mixture of quantitative tasks and qualitative performance.

We build and maintain quality forces by establishing, then maintaining them; providing our personnel with the best weaponry available; acquiring, and motivating highly qualified people; providing, and sustaining, sufficient equipment; and

lastly, properly training, and exercising, our people. These ingredients are necessary, and synergistic, to achieving readiness. Let me elaborate further on each of these.

The first ingredient is a quality force. On the one hand, we have reduced active duty end strength by 26% since our peak in 1986, and will cut another 7% between the end of FY 93 and FY 95. During this drawdown, we are placing heavy emphasis on retaining our high quality people and providing world class training. We're using selective reenlistments and are carefully applying Congressionally authorized separation incentives. We must maintain balance between youth and experience in our critical and non critical skills to preserve long - term combat capability. We continue to bring into the Air Force high quality people; our improved training methods act as a force multiplier. "World class" training is necessary for a smaller force to be successful in the uncertain Post-Cold War environment. While smaller, our combat lethality is growing larger.

The United States is the world's undisputed leader in military technology. This technology leadership position provides the US the edge in combat. To maintain this edge, continued investment in technology is both prudent and necessary. It is the multiplier in our smaller force structure. For example, a single precision guided weapon of today and tomorrow performs the task of tens of gravity munitions and several sorties. Not only is this approach more cost effective, it also risks fewer people and exposes fewer aircraft - that's the multiple payoff.

People--both military and civilian--are our most valuable asset. Our ability to remain the most respected Air Force in the world is directly linked to the professionalism, motivation and technical expertise of our people. We're 25% smaller than we were seven years ago, but our people are better and at a higher state of readiness. Operation Southern Watch, Provide Hope and Provide Comfort are all excellent examples of Air Force people, successfully and effectively projecting power to all corners of the globe. Our people are the best--and it's vitally important to retain them. They are entitled to be compensated and appropriately recognized as the finest fighting force in the world.

That said, the best people and the newest technology does not translate to readiness unless you acquire, then maintain, sufficient quantities of high technology equipment and spare parts. Spares funding, both initial and replenishment, and depot maintenance are being carefully managed during the drawdown to insure there is no significant impact on readiness. We need your continued support to ensure that support resources--O&M, Investment, and DBOF funding levels--are kept in balance with the forces they are intended to support.

Training is our final ingredient. Today, training is even more important in the midst of a major drawdown and force re-structuring. The 1 Jul 93 activation of Air Education and Training Command will put professional military and technical programs under the command of a four-star general. Our combat capability has been maintained during the drawdown by continued emphasis on how we train and educate our people.

The Year of Training initiatives have been our template for refining and honing our combat force and their associated support elements. Cradle to grave enlisted training and education programs transform raw talent and ability into a professional technician capable of performing the most complex tasks--and leading others to do the same. Our flying training programs have been updated with a new, specialized track that takes pilots and navigators from initial screening through weapons system qualification.

In order to maintain our current force readiness posture in today's fiscally constrained environment, it is necessary to remain focused on our core priorities. One of these priorities is to continue force modernization. Our force is aging and without modernization the result will be reductions in capability and in responsiveness. A demonstrable example is our need for a new airlifter to replace the C-141. The C-141 is approaching the end of its service life. More and more restrictions are being placed on the airframe, limiting its capability. At the same time, age is also increasing maintenance requirements, reducing the aircraft responsiveness. The AF needs to modernize our vital strategic modernization capability by replacing the C-141 with the C-17. The C-17 will also improve our flexibility by providing a direct delivery capability and greater throughput capacity.

A second priority to remain focused on is the need to assess quality. Our historic edge has been quality in people and equipment. Quality has allowed us to counter our adversary's quantitative edge. As conflicts increasingly require tailored forces, precision targeting, and decisive

resolution with minimal loss of life, our edge in quality will need to be continuously improved.

A third priority is the need to maintain our sustainment base. As we continue to drawdown overseas and, as our threat scenario becomes more uncertain, we are increasingly reliant on flexibility and mobility. We must maintain our ability to provide prompt spares to the flightline anywhere in the world. The supporting stock funds must be sufficient to account for procurement replacement parts and equipment. Maintaining high peacetime materiel readiness is especially critical for early response forces.

The final priority we need to remain focused on is the need to exercise realistically. We must train the way we will fight. The experience of the Gulf War changed the CJCS Exercise Program considerably in scope, size, and cost. Joint exercises are now smaller, more regionally focused, and geared toward Joint Task Force Operations. In the Air Force, we are stressing a doctrinally sound force list and proper command relationships. Joint exercise frequency has increased from 99 in FY 90 to 138 this year; 170 are scheduled next year. The number of countries we exercise with has increased from 50 to 70. The cost of deploying forces to participate in joint exercises is increasing as the number of exercises increases and the number of overseas based forces decreases.

Another readiness risk factor is the force/resource disconnect. We must be careful not to create the "Hollow Force" of the late 70s. As we drawdown this time, we are reducing the force size commensurate with the funding reductions, to ensure that we have a force size that we can

fully support, to include adequate spare levels. That is not to say we do not have some minor near term support problems that warrant our attention: FY93 customer Depot Level Repairables funding; Projected depot maintenance backlog increases; C-5/C-141 sustainability levels; and finally, bare base reconstitution. Attempts to reduce excess inventories have resulted in very restrictive parts procurements. Rapid personnel losses have also challenged our management skill to ensure we retain all the specialities and experience level necessary to maintain readiness.

A third readiness risk factor is "Asymmetrical Load Sharing." The Operation and Maintenance (O&M) account is essential to readiness. Virtually every O&M dollar the AF spends contributes to readiness in some way. The O&M account has declined as the force structure has drawn down. While funding in FY94 is adequate for near term readiness, FY90-93 cuts outpaced infrastructure changes. This trend is threatening our seed corn. The immediate effect is to impact sustainability (Depot Maintenance) and quality of life (BOS/RPS). The cumulative effect undercuts long-term readiness. Nonprogrammatic cuts break the link between force sizing and O&M funding. Pricing issues need to be monitored closely, especially DBOF activities, which I would like to address in some detail.

One critical assumption underlying readiness and the overall health of the O&M appropriation is that the transfers of cash collected by the Defense Business Operations Fund (DBOF) activities back to the "customer" accounts (in this case Air Force O&M), must occur on time. Over six percent (\$1.14

billion) of the program we plan to execute in FY94 is dependent on such anticipated transfers. If the transfers are not made, we must absorb a massive nonprogrammatic cut to our O&M funding during the execution year. When faced with this prospect earlier this year, our assessment of the impacts included: stopping critical flying missions in August; delaying space launches for one fiscal year; stopping training deployments; and other actions immediately degrading readiness and mission capability. Fortunately, our earlier worry of a FY93 DBOF transfer cash shortfalls proved unfounded. The transfers assumed for FY94 should take place as early as possible in the Fiscal Year. When the flow of funding into the appropriation is late or uncertain, commanders react by becoming conservative, delaying or completely deferring planned expenditures. These deferrals relate to training missions, exercises, deployments or other time sensitive actions, result in lost training, and risks failed missions and lost airmen.

Another kind of asymmetrical load sharing risk factor is the level of Allied contributions to our overseas presence. "Burden sharing" is a recurring issue, one that has caught the attention of the members and the public. We agree that allies should contribute more and have attempted to budget accordingly. For example, in FY93, we submitted a request that assumed our Allies would contribute up to 75 percent of the foreign national payroll (\$306 million). We were destined to be disappointed. Actual contributions are now estimated to be 32 percent (\$125 million). In our FY94 submission, we have included a more realistic set of assumptions, expecting

burdensharing contributions by the Allies of 55 percent. Given the decreasing infrastructure, this would necessitate an increase in contributions over FY93 levels of \$88 million. Unfortunately, burdensharing is determined by country-to-country agreements or the actions of the host nation legislature. Without action in one or both of those arenas, the Air Force pays the bill. Adjustments to our requested level of funding, therefore, simply force us to divert funds from other efforts to cover this "must pay bill." The Air Force ends up with a nonprogrammatic directed reduction.

Now let me summarize. Readiness is not simply OPTEMPO; many other factors contribute: technology, equipment, people, training, and an emphasis on quality force. We must focus on our priorities. We must recognize, and correct, the risks to readiness. Dollars must be judiciously allocated among many appropriations. And we must maintain our current O&M level to avoid a degradation to readiness.

Balance is the watermark: balance between investment and O&M; balance between force modernization and force sustainment; balance between peacetime/humanitarian efforts, exercises, and training; and as we drawdown the force, a proper balance in our various force capabilities.

But we will remain ready to respond to real world conditions. We are flexible and will accomodate change as we change base closures, investment cuts, force structure adjustments, and personnel reductions. We will maintain force readiness as long as we can keep the factors in balance that retain the balance mentioned earlier.

We have the leadership to insure our forces are ready.
We have the metrics in place to measure our performance--
You are encouraged to visit our units to assess our capability
firsthand. Thank you for your time. I welcome any questions
that you may have.

DEFENSE BUSINESS OPERATIONS FUND

Mr. MURTHA. What do you mean by DBOF is not paying on time?

General CARNS. Today the Air Force is expecting \$1.4 billion in DBOF monies. We have received \$400 plus million of that, \$448 I think, and we still have a due out of \$900 million.

We have borrowed money from forward quarters in order to pay bills because we have up-front costs which are higher in the front end of the year because of contracts.

We do not have guarantees; we have only assurances that the DBOF money will arrive.

Mr. MURTHA. What is the problem? How did it work before and what is the problem today? This Committee has had great concern about DBOF and the fact that we couldn't keep track of the funds as carefully. The new accounting comptroller tells me that I just don't understand it as well, and I admit that. How did it work before and how is it working now that you have a shortfall?

General CARNS. DBOF is a new creation and I am at the far end of the food chain, the person the money gets delivered to after they figure out how they are going to get it. Receipts have not been of the magnitude expected, savings and turnarounds have not been of the scope they expected and therefore they are not had the cash to deliver it.

Mr. MURTHA. Is there a \$10 billion shortfall with these cost savings estimates that were paid throughout all of the services?

General CARNS. I will have to supply the precise numbers for the record.

[The information follows:]

The \$10 billion shortfall of savings refers to an OMB estimate of the DOD underfunding in the Bush Budget and serves as an offset in the Clinton Budget. There is no Service break-out of this amount to supply for the record. The DBOF cash shortfall I was addressing is not related to this estimated saving shortfall but stems from OSD's inability to make the full DBOF cash transfer to the components' Operation and Maintenance accounts called for in the Fiscal Year 93 DOD Appropriations Act. There are many reasons why the total amount of cash is not available but the primary reason is the unprogrammed Congressional transfers of DBOF cash in Fiscal Year 92 (\$2,575M) limiting the cash available to make the Fiscal Year 93 transfer.

General CARNS. From this end of the food chain, we have not been paid the way we expected on the time schedule we thought we needed.

CASH TRANSFERS

Mr. MURTHA. Is this true of all the services? How far behind are you?

General CARNS. I am \$900 million.

Admiral ARTHUR. I am \$810 million behind for fiscal year 1993. The problem is where we are in the fiscal year 1993 spending profile, and that is today's dollars. I have \$63 million out of \$873 that I was supposed to get. So we start running out of money to pay bills very shortly.

General PEAY. We have got a request at OMB that I understand is coming of \$1.4 billion with another \$1.2 billion due out against a total transfer of \$2.6.

Mr. MURTHA. How did this use to be handled? Is it you who obligated the money and paid the bills.

General CARNS. We had an O&M account which was appropriated.

General PEAY. You don't get it in a timely fashion so you start pushing things down. You can't make management decisions in an efficient way.

Mr. MURTHA. Staff agrees with you and the acting Comptroller thinks that we don't understand the explanation, but it looks to me that the explanation is that you are not getting your money. That is the bottom line. No matter how you look at it—we are not talking about some technical differences between the services and OSD. We are talking about pure and simple—you just haven't gotten the money.

General CARNS. Yes.

Mr. MURTHA. Any other questions?

Mr. YOUNG. What do you see as the solution? What is the hold-up? Does somebody need to be removed or does a new policy have to be established? What will solve your problem?

Admiral ARTHUR. We have all had experience in the past with revolving accounts so we are not saying that revolving accounts are not good. What apparently has happened in this particular revolving account is that the revenue streams that were supposed to be attached to the pay-out streams never got fully attached so revenue has not materialized at the same rate that the spending was conducted and therefore we have run into this cash shortfall.

Mr. MURTHA. I think it is more than revenue. I think it is the savings they anticipated aren't there, so the money they expected from the savings aren't available.

Admiral ARTHUR. That was part of the profile. Yes, sir. I don't know how they get out of the dilemma because it is a cash problem. So we either have to eat out of other accounts and develop cash which will bankrupt most of us and bring us to a full stop shortly, or there has to be an infusion of cash into this fund from outside—

Mr. YOUNG. It is not a clerical thing, not a bookkeeping—

Admiral ARTHUR. A lot of people would hope, I think, that there is a clerical mistake someplace, but now when they look in the drawers to find the cash, the cash is not there.

Mr. YOUNG. Do you know what the reason is why it is not there?

Admiral ARTHUR. I don't think any of us know for sure. We know there were many things put into the DBOF account since it was going to be a nice, large revolving account that, in fact, did not have immediate paybacks or revenues attached to bills that were going to have to be paid.

Mr. HEFNER. Would the gentleman yield? I am assuming that when these accounts were set up there were a lot of assumptions made. If everything goes according to those assumptions, everything will be okay. Obviously it didn't materialize. Is that the problem?

Admiral ARTHUR. As General Carns says, we are at the end of this food chain, looking back, saying "Does anybody have cash for us." We all have a little piece of this action, but the real issue is that there were not enough revenues generated. Whether those

revenues were going to come from savings or be generated by selling off all spares or whatever, those revenues did not appear.

Mr. YOUNG. Could reprogrammings have affected it possibly? If some of that money you expected was reprogrammed for something else, would that be part of the problem?

Admiral ARTHUR. I don't think so. What went into the contract were strictly, or supposed to be, accounts that were pay and receivable accounts such as accounts for electricity bills, and accounts for water. You buy a spare, you pay the handling fee for that spare and that pops back into the account. All of that was in there.

The reprogramming actions outside of that should not have had effect.

General CARNS. I think that the effort that is underway is a good one. We are looking hard at trying to find savings particularly in the support side of the House so we are dealing with a system that is in transition.

There are some pulls and tugs in trying to sort it out. I am not condemning the system. I am at the end of the food chain. We are not getting what we need yet. It is particularly acute because part of our O&M account is tied to DBOF.

O&M is a cash-now need. Therefore, we could reprogram to fix it because there are other monies in other accounts but once you start reprogramming things get out of balance. We need to work to solve the DBOF process to size what the expectations are so the O&M accounts could pay off properly.

Mr. YOUNG. Who do you think we could invite to come to the Committee to talk to us about DBOF and what changes might be required so you get the money you need. Do you know enough about the food chain—

General CARNS. DBOF is a creation of and managed by the Office of the Secretary of Defense Comptroller and I think that is the appropriate agency to answer those questions.

Mr. YOUNG. That might not be a bad idea to have the Comptroller in to help us solve this problem.

Mr. MURTHA. We have had a concern ever since the inception of DBOF. This Committee has resisted DBOF. We had a different situation. We were concerned about being able to follow how the money was spent. We have never argued that it wasn't spent. This is the first time it has come to our attention that they are not paying their obligations.

I am going to send a letter to Secretary Aspin requesting that the Comptroller come over and meet with the staff and then we will take it from there and see what else we have to do.

The staff tells me we also have the same problem with spare parts. This is obviously at this point a very serious deficiency. We want to see if we can straighten it out because it will be exacerbated next year if we allow this to go on. Sounds to me like we have a shortfall. It is probably part of that \$10 billion Secretary Aspin talked about as a shortfall in savings they anticipated which have not come about. He thinks it could even be more than \$10 billion. I don't know what he was counting in that figure. We will see if we can get this straightened out.

Let me just say, concluding the hearing, it is obvious how important this item is to the services for them to send their primary wit-

nesses to the Committee. Over the years there has been no Committee more concerned about this issue. No one has supported readiness more than we have because we know that is the key to the quality of the armed forces. We appreciate your testimony and the work you are doing.

We will work with you and hopefully be able to come up with the money you need so that we won't deteriorate into a hollow force. Thank you very much. We will have other questions for the record. The Committee will adjourn until tomorrow at 10 o'clock.

[CLERK'S NOTE.—Questions submitted by Mr. Dicks and the answers thereto follow:]

LESSONS LEARNED FROM HOSTILITIES

Question. General Peay, I have been very concerned with the lessons learned from Desert Storm/Shield. I feel that people seem to forget the importance of these lessons during peacetime. What is the most important lesson the Army learned from other hostilities that made Desert Storm a success?

Answer. Leader development and quality people have consistently been central to victory on the battlefield. Leader development encompasses the training that occurs within units and that which is conducted within the Army system—the institutional part. Both are dependent on adequate funding, especially the operational tempo of training.

From lessons learned during Vietnam, Desert One, Urgent Fury, Just Cause, and countless rotations through the National Training Center, the Army recognized the importance of leader development and solid doctrine. Based on an analysis of lessons learned and projected requirements, the Army developed a modernization vision centered on the Big Five—five warfighting systems that would be critical to future victories. Those systems were the Apache attack helicopter, the Black Hawk utility helicopter, the Abrams main battle tank, the Bradley Fighting Vehicle, and the Patriot air and missile defense system. Nearly twenty years later, those five systems were central to coalition success in Southwest Asia.

When put together—leader development, quality soldiers, sound doctrine, modern equipment, and demanding training—a synergy was achieved in the desert. The earlier investments had paid off. Today, it would be difficult to repeat the Big Five strategy. Instead, the Army is relying on the development of leap-ahead technologies and technology insertions to sustain the modernization effort.

The Army must continue to adequately fund leader development programs, both unit and institutional, in a manner that maintains the balance with other Army funding requirements.

Question. Admiral Arthur, what are the Navy's most important "lessons learned?"

Answer. The high readiness level of U.S. Navy forces clearly contributed to the tremendous success of the Coalition during the Gulf War. This preparedness was a product of years of involvement and forward presence in the Southwest Asia region; longstanding security assistance programs; previous detailed crisis planning; investments in quality people; tough, demanding, and realistic training; and force modernization programs that provided naval forces with

the best platforms and equipment possible. Perhaps most importantly, deploying naval forces had the American people's full support behind them and we knew our families were being cared for. In these respects, naval forces were trained and ready to go to war. With respect to readiness, some specific accomplishments include:

Previous commitments to the region, a continuous US naval presence in the Persian Gulf since 1949, combined exercises, basing and access arrangements in and enroute to the region, and long-standing security assistance arrangements all improved readiness.

Joint doctrine and exercises prepared US forces for operations with each other and with the forces of Coalition states.

Realistic training at sophisticated combat training centers, such as the Navy Strike Warfare Center, enhanced our readiness.

Well planned research and development choices, together with sound procurement decisions made state-of-the-art equipment available.

Family Support programs were augmented to provide additional support, information, and assistance to families of deployed naval personnel, both active duty and reserve.

Specific shortcomings related to readiness involved strategic sealift:

There were insufficient numbers of large roll-on/roll-off ships.

The Ready Reserve Force was somewhat slow to respond.

These shortcomings in strategic sealift were reviewed in the Joint Staff's Mobility Requirements Study and have been addressed in the FY94-95 DOD budget submission.

The lessons learned from the Gulf War are important. Our preparedness for future conflicts begins long before the crisis. In many aspects, the forces that go to war are the forces inherited as a result of earlier decisions made without the foresight of crises to come. As we draw down our force level and adjust our force structure as the Defense budget becomes smaller, it is important to continue to improve those capabilities I identified earlier that contributed to the readiness of our forces during Operations Desert Shield and Desert Storm.

Moreover, maintaining a technological edge is one of the more important aspects of readiness. As regional threats become more sophisticated, technology becomes more important to deter crisis and to protect US interests. However, technology is only one part of an overall readiness plan—the advantage of high quality service members who can use advanced equipment in innovative ways also is crucial.

Question. General Boomer, what are the Marine Corps' most important "lessons learned"?

Answer. Over the course of time prior to Desert Shield/Storm, the lessons learned by the Marine Corps were three-fold. First, we learned the importance of attracting and retaining high quality men and women. Secondly, the benefit of providing focused training and realistic training exercises significantly enhance overall combat readiness. Thirdly, it takes the latest equipment to win on the modern battlefield. However, the capabilities of the latest equipment can only be realized by maximizing the previous two lessons learned.

The Marine Corps doctrine for warfare was validated during Desert Storm. Even with an enjoyed success in the Gulf War, we have not rested, but have identified new lessons learned. Our current focus is to strengthen three critical areas: medium lift replacement assault aircraft requirement, advanced assault amphibian requirement, and modernization of our command, control, communications and intelligence capabilities to ensure interoperability with both allies and our sister Services.

Question. General Carns, what are the Air Force's most important "lessons learned"?

Answer. While Desert Storm, like all wars, was unique, we learned a lot about the capabilities of modern air power and must continue to tailor our abilities to specific situations. There were numerous "lessons learned" in Desert Storm, but I think that the following five capture the essence of the war. First—Decisive air power. This was the first time air power was the decisive element in defeating a fielded army. Second—Joint leadership. Our success was due in great part to superior leadership from top to bottom. Service components received clear objectives and realistic goals from the warfighting CINC, and orchestrated resources to attain those objective. The Joint Forces Air Component Commander proved invaluable by unifying air assets and providing the capability to mass combat air forces, fully exploit enemy weaknesses, and not only prepare a battlefield but destroy it. Third—Air superiority. Our ability to control the skies allowed air power to destroy the battlefield, attack Iraq's centers of gravity, and support our ground forces. Fourth—Technological superiority. Stealth, advanced reconnaissance, target acquisition, and surveillance systems coupled with precision guided munitions and state-of-the-art telecommunications enabled us to strike deep targets and support ground forces equally day or night. Fifth—Training. Rigorous training and realistic exercises-exemplified by Red Flag—gave us an unparalleled level of readiness even prior to Desert Shield.

OPERATIONS AND MAINTENANCE RESOURCE REDUCTIONS

Question. General Peay, how do the O&M resource reductions affect readiness? What steps can the Congress take to ensure a high state of Readiness for the Army?

Answer. Army training and readiness are totally dependent on adequate overall OMA funding. The assumption that OPTEMPO equals readiness and conversely, fully funding OPTEMPO assures adequate readiness is emphatically not true. Readiness is a very complex issue, one on which the Nation's defense ability is dependent. In the FY93 budget process, Congress' overall adjustments decremented Operation and Maintenance (OMA) accounts and plused up procurement; the impact (negative) to OMA is foreboding as it reflects a greater rate of reduction than that of the overall Army's downsizing. This trend is particularly disturbing to the Army leadership as all reasonable flexibility within OMA is gone, other than in "fixed cost" expenses; the only place left to reduce expenditures is in "efficiency/cost saving" measures that ultimately erode readiness.

The Army leadership reviews readiness reports, indicators, and trends each month and have noted that current trends indicate that readiness is beginning to reflect the negative effects of reduced resources. The reports reflect Commander's attempts to stretch resources for training as well as supply and maintenance requirements. Ultimately this will lead to the following mission area reductions: (1) Reduced Brigade/Battalion level training, (2) Training ranges will deteriorate, (3) Facilities would deteriorate beyond economical repair levels resulting in undesirable living standards and endangering quality of life for service members and their families (4) Limited availability of supplies to train with, (5) Unavailability of repair parts to maintain equipment. This combined with the ancillary reduction in OMA Base Operation Support, which is already critically underfunded (OCONUS is funded at only 40% of requirements), will further erode training (e.g., soldiers will have to perform waste removal and ground maintenance functions, leaving them unavailable for training).

The Army OMA budget has reached a "barebones status" and further reductions (including unfunded missions i.e., RETROEUR BRAC, peacekeeping mission etc.) threaten to create the potentially ominous scenario of an Army that is under resourced, under trained, and under maintained—a hollow force. The Army is committed to maintaining training of the existing Base Force as its highest priority, and tough tradeoff decisions have been made in an attempt to execute a meaningful training program without sacrificing installation support and quality of life. Nevertheless, the Army needs Congressional help to protect OMA funding and provide us with the flexibility to adequately train and maintain forces, defend our nation and perform peacekeeping/disaster relief missions as necessary.

TIERED READINESS

Question. General Peay, is tiered readiness an effective option for the Army?

Answer. The Army has examined tiered readiness. On the surface, the resourcing of units in a pyramid fashion which is tiered readiness seems reasonable for the conservation of resources when the nature of the threat is well defined and relatively low. This approach would allow a large force to be maintained with only those units with a high probability of utilization being maintained at a mission ready status.

Tiered readiness is not a viable option for the Army because it removes the flexibility on which the Army must depend. This flexibility is the key to ensuring the Army's capability to respond to a wide spectrum of threats to national security and support the national military strategy especially as the Army transitions to a much smaller force.

The Army readiness strategy divides units into three force packages based on their missions and their highest deployment sequence. Army units are assigned missions based on the requirements for operation and contingency plans. However, the Army has never been resourced to maintain all of its units equivalently. There are insufficient forces and too many missions to allow units

a single mission or deployment priority. All Army units have multiple missions tied to multiple war and contingency plans which they must be ready to execute. If the Army is to fulfill its missions it must maintain a smaller but highly ready force which can be diverse units, to create a mission-appropriate force.

The Army is committed to the priority of quality and readiness even at the expense of the size of the force. If the Army is to deter aggression and support the national military strategy, it must retain the readiness of its units to respond to future threats with speed and a tailored force to meet diverse threat forces. The Army's ability to respond quickly and with the proper force is a more credible deterrent to aggression than the promise of a larger force after a preparation period. The alternative to a highly ready force is a delayed or inappropriate response to future threats.

V-22 OSPREY

Question. General Boomer, I understand for the first time that the V-22 is included in this year's budget request, the airplane will replace the CH-46 and the 53's—which are well over 20 years old. Will the fielding of the new aircraft relieve your readiness concerns?

Answer. Fielding the V-22 will relieve Marine Corps readiness concerns if aircraft are procured in sufficient numbers and at a production rate that allows us to begin the timely retirement of both CH-46E and CH-53D aircraft. Any procurement funding profile that delays Initial Operational Capability (IOC) will impact our readiness and operational capability. By 1998/1999 the age of our medium lift fleet will average over 30 years.

We will seek Aircraft Procurement (Navy) funding for the V-22 program in FY95 to support a FY99 IOC.

DEFERRED MAINTENANCE

Question. Admiral Arthur, in your testimony, you indicated that in response to the cuts to the spares and repair parts accounts, the Navy, instead of reducing spares, deferred the maintenance availability of several ships. Did this not in turn affect a number of the Navy's shipyards?

Answer. Yes, a variety of actions were taken to absorb this reduction, including deferring, descoping, and canceling requirements, which in turn changed the workload at some of the Navy's shipyards.

DEFENSE BUSINESS OPERATION FUND

Question. Admiral Arthur, in your testimony, you indicated there are problems with the current DBOF system. Given an opportunity, what recommendations would you make to remedy the problems?

Answer. I would recommend greater service involvement in the development of DBOF policy and procedures. A great deal of the Department's expertise in revolving funds resides in the services, but the \$1.4 Billion of DBOF cash budgeted to be transferred to O&M in FY 1994, for example, was calculated by OSD without benefit of Navy input. One way of assuring that involvement would be

for the policy board to meet on a regular basis (it has not met in nearly a year) and with a rotating chairperson instead of always chaired by senior DOD Comptroller staff. I recommend that we develop and implement a long overdue standard accounting system that fulfills the following user criteria: Accurately and consistently reflects complete and current costs and revenues; feeds meaningful and reliable reports suitable for management analysis; can be used for development of the principal statements required by the CFO Act; is consistent with DBOF budgetary data and displays; and deals with all DBOF functional areas and business area uniques. I would also recommend issuance of timely accounting policy and procedures, not in the last week of the fiscal year and made retroactive, as was the case in FY 1992 with the Capital Purchases (CPP) guidance, for example.

Question. General Carns, you also expressed concerns with the current DBOF. What would you recommend to help relieve these problems?

Answer. The Secretary of Defense has directed the Department of Defense to review the implementation of the Defense Business Operations Fund (DBOF) and to evaluate future plans for DBOF implementation. An expert financial team and a steering group were established, with OSD, military Departments and Defense agency representation. The group will make recommendations about implementation changes or improvements. Once this report is complete we should know more about how to proceed in this important area.

OPERATIONS TEMPO AND TRAINING

Question. General Peay, the fiscal year 1994 Budget will keep the OPTEMPO and training rates at the prior year levels. Does readiness equate directly to OPTEMPO?

Answer. OPTEMPO is only a small portion of the overall readiness funding, it does not equal readiness. OPTEMPO refers to the funding required to allow units to train to their Mission Essential Task List (METL). Assuming only OPTEMPO funding provides readiness is a shortsighted view of readiness, because for units to be able to fully train to their METL, functions such as: services, utilities, facilities repair and maintenance, supply and maintenance, institutional training, accessions training, and communications and intelligence, must be supported so that the Army can provide a quality, trained, and ready force. Optimal readiness is achieved only when training and day-to-day operations and maintenance requirements are adequately resourced to ensure the Army has the ability to achieve the goals established in the National Military Strategy.

Question. Admiral Arthur, the FY 1994 Budget will keep the OPTEMPO and training rates at the prior year levels. Does readiness equate directly to OPTEMPO?

Answer. OPTEMPO is both a core element of maintaining readiness and a key indicator. Our OPTEMPO indicators, Primary Mission Readiness for flying hours and steaming days per quarter, relate to readiness. OPTEMPO indicates the level of activity required to adequately train our pilots and ships' crews to meet for-

ward commitments and maintain a combat ready, deployable force. These indicators have been proven over time. Readiness would decrease with a drop in these indicators.

As I have noted earlier, readiness is a reflection of many things. For example, if we don't recruit quality people, we could train them indefinitely and still not be "ready". If our equipment is in poor condition, we won't be able to train. While maintaining our OPTEMPO goals are certainly necessary for readiness, there are other requirements which affect readiness.

Question. General Boomer, the FY 94 budget will keep the OPTEMPO and training rates at the prior year levels. Does readiness equate directly to OPTEMPO?

Answer. Absolutely. The Marine Corps has a singularly unique perspective of OPTEMPO in that we view it in terms of organizations. This includes both personnel and equipment. The greatest driver of our OPTEMPO is our forward deployed forces in support of the requirements of the warfighting Commanders-in-Chief (CINCs). Without a reduction in CINC requirements, our OPTEMPO will increase if we are required to downsize below our current force level.

In its severest form, a high OPTEMPO will cause units to deploy at a rate where training requirements cannot be met. The resulting impacts on our resources—particularly equipment and maintenance—coupled with the intangible impacts on morale and the quality of life for our Marines and their families, combine for an overall detrimental effect on readiness.

Question. General Carns the fiscal year 1994 budget will keep the OPTEMPO and training rates at the prior year levels. Does readiness equate directly to OPTEMPO?

Answer. Readiness does not equate directly to OPTEMPO. OPTEMPO indicates a level of activity and not necessarily a state of readiness. OPTEMPO says nothing, per se, about the quality of training—to include the myriad of skills an aircrew member is expected to be proficient in to be truly combat ready. Other indicators which must be considered in measuring readiness include crew force experience levels, crew ratios, unit manning levels, equipment status, and level of spares. All of these factors are necessary and synergistic to achieving readiness. Reliance on any single indicator could lead to erroneous conclusions or estimations of combat capabilities.

MODERNIZATION AND PROCUREMENT RESOURCES

Question. General Peay, how important are modernization and procurement resources to readiness? Are they more important than operations and maintenance resources?

Answer. The linkage of modernization to readiness lies not in the competition between Operations and Maintenance (OMA) and procurement resources but in the recognition that the smaller the Army becomes, the more modern and technologically overmatching it must be. OMA must be funded to support the base force in accordance with the National Military Strategy and to resource the Army's training and sustainment requirements. Equally, the Army's modernization program must be supported; it has been

structured, within available resources, to provide the overmatching technologies required to inflict large loss exchange ratios against future enemies. These goals can be accomplished only through a modernization strategy of horizontal technology insertion to our main battle systems. The Army must balance resources across all appropriations to establish the deployability, lethality and versatility required for land force dominance.

Question. Admiral Arthur, how important are modernization/procurement resources to readiness? Are they more important than operation and maintenance resources?

Answer. Modernization/procurement resources are not directly tied to readiness. Procurement resources are required to maintain a specific force structure. For example, we need procurement resources to ensure we can maintain the downsized fleet levels we are planning and if replacement ships, aircraft, weapons, etc. are not procured, the fleet will not have operating platforms to operate. The modernization resources are required to upgrade the fleet to changes in the threat, to resolve known problems with existing systems, and/or to enable us to perform the mission with less resources. The operation and maintenance resources are required to ensure we have a fleet trained and ready to operate the systems procured. Both are required to support the Navy and Marine Corps forces. Our aim is to ensure we have enough procurement and modernization resources to support the required force structure—and that the operation and maintenance resources are sufficient to support a trained and effective fleet.

Question. General Boomer, how important are modernization/procurement resources to readiness? Are they more important than operations and maintenance resources?

Answer. Modernization/procurement and readiness are two of the four interrelated pillars of military capability, along with force structure and sustainability. Reductions in any of these pillars directly impact on the others as well as degrading aggregate warfighting capability. To remain a force-in-readiness, the Marine Corps budgets by appropriation to sustain the pillars in a complementary fashion. Modernization and operations and maintenance are equally important. Materiel readiness is a function of having equipment that is fully operational, and logistically supportable, to be effective against current threats and technology. This requires an investment in modernization as well as maintenance. Proper balance precludes hollowing the force in terms of personnel, materiel, or training, and ensures that the Marine Corps is ready to respond to the full spectrum of warfighting, peacekeeping, and humanitarian missions.

Question. General Carns, how important are modernization/procurement resources to readiness? Are they more important than operations and maintenance resources?

Answer. Modernization/procurement is critical to readiness. As our force ages, it is critical that we repair and replace our aging systems. For example: the recent restrictions under which the C-141 is currently operating (altitude and load) impact our readiness (ability to do our day-to-day mission). Currently we are fixing these problems but as the C-141 reaches the end of its service life, we

need a new system (C-17) to meet the requirement and sustain our readiness.

It is not an issue of which is more important. The issue is one of balance. In order to maintain our current force readiness posture in today's fiscally constrained environment both areas are vital. To establish the balance it is necessary to remain focused on our core priorities. They include force modernization, the need to maintain quality, the need to protect our sustainment base and the need to exercise realistically. Both Procurement and Operation and Maintenance (O&M) accounts contribute to most of these areas. In fact—virtually every O&M dollar the Air Force spends contributes to readiness. We need your continued support to ensure that support resources—O&M, investment, and DBOF funding levels are kept in balance with the forces they are intended to support. It is imprudent to focus on one at the cost of the other. The key is balance.

HUMANITARIAN AND PEACEKEEPING LINE ITEM FUNDING

Question. General Peay, the Secretary of Defense has indicated new initiatives for humanitarian and peacekeeping efforts, perhaps even a separate line item. How will this relieve the individual Operation and Maintenance (O&M) accounts that have previously supported the Services' participation?

Answer. A separate line item, or DOD account, would relieve the individual O&M accounts of the Services only if the funding source for the line represents an increase to programmed or budgeted amounts rather than a reduction to the Services' "toplines." If additional funds are not appropriated for humanitarian and peacekeeping efforts, the Services certainly will be asked to provide funding from within their current programs to capitalize the new account. The net effect of such diversions of O&M funds would differ little from the current situation in which the Services divert O&M dollars to fund humanitarian and peacekeeping efforts, thereby detracting from combat readiness.

Question. Admiral Arthur, the Secretary of Defense has indicated new initiatives for humanitarian and peacekeeping efforts, perhaps even a separate line item. How will this relieve the individual Operation and Maintenance accounts that have previously supported the service's participation?

Answer. The Operation and Maintenance, Navy account will be relieved to the extent that emergent and non-budgeted humanitarian and peacekeeping efforts are fully funded. The Navy currently does not budget for unforeseen humanitarian and peacekeeping efforts as these contingencies are generally not known far enough in advance to be included in our budget request. Rather, the Department generally defers budgeted programs whenever we found non-budgeted contingencies. For example, during FY 1993 we have had to defer Depot Maintenance to cover Southern Watch operations.

Question. General Boomer, the Secretary of Defense has indicated new initiatives for humanitarian and peacekeeping efforts, perhaps even a separate line item. How will this relieve the individual O&M accounts that have previously supported the service's participation?

Answer. The President's Budget request contains a proposal for a new transfer appropriation, the "Global Cooperative initiatives, Defense-wide" account, that would support humanitarian and peacekeeping efforts. Under the appropriation language, funds from this account would be transferred to the service O&M or Military Personnel appropriations to support the humanitarian or peacekeeping efforts. This would not relieve the individual Services' appropriations from initially supporting the efforts, but would provide more immediate relief than the present method of relying on supplementals or reprogramming actions. It has been the long delay in obtaining the restitution of funds which has hampered the execution of our normal O&M program.

Question. General Carns, the Secretary of Defense has indicated new initiatives for humanitarian and peacekeeping efforts, perhaps even a separate line item. How will this relieve the individual O&M accounts that have previously supported the Service's participation?

Answer. Overall, we have received good support from OSM and Congress concerning funding for the many unplanned and unprogrammed contingency operations. However, supporting these operations does directly impact O&M operations because we are forced to temporarily fund the contingency operations from current O&M funding while awaiting supplemental funding. Also, not all contingency operations are offset by supplemental funding which drains O&M funds from other programmed and budgeted requirements. The OSD plan to begin budgeting for contingency operations starting in FY 94 is a major step in the right direction. This approach will eliminate the current realignment of O&M funding away from valid O&M funding requirements to temporarily or permanently fund contingency operations.

[CLERK'S NOTE.—End of questions submitted by Mr. Dicks.]

THURSDAY, APRIL 29, 1993.

NATIONAL GUARD PROGRAMS

WITNESSES

LIEUTENANT GENERAL JOHN B. CONAWAY, USAF CHIEF, NATIONAL GUARD BUREAU

BRIGADIER GENERAL JOHN R. D'ARAUJO, JR., USA, DIRECTOR, ARMY NATIONAL GUARD

MAJOR GENERAL PHILIP G. KILLEY, USAF, DIRECTOR, AIR NATIONAL GUARD

INTRODUCTION

Mr. MURTHA. The Committee will come to order.

This afternoon the Committee will hear testimony on Guard and Reserve programs.

We welcome our first panel to the Committee today. Testifying in support of the National Guard programs are Lieutenant General John B. Conaway, Chief of the National Guard Bureau; Major General Philip G. Killey, Director of the Air National Guard; and Brigadier General John R. D'Araujo, Director of the Army National Guard.

General D'Araujo, since this is your first appearance before the Committee, we will insert your biography in the record.

This year we don't have the problem we always had in the past of always having to fight for the money. If you would summarize your statements, we will put a series of questions in the record. You can answer those as quickly as you can for the record. General Conaway.

SUMMARY STATEMENT OF GENERAL CONAWAY

General CONAWAY. I am ably assisted by General Killey, Director of the Air Guard from South Dakota and General D'Araujo, the Director of the Army Guard from Hawaii. They help educate me because I am from Kentucky where your full committee Chairman is from.

We do support the President's budget. For the first time in several years our end strength, Army and Air Guard, are fully supported by us and the States by the adjutant generals.

To the best of our knowledge, this has been worked out with your great assistance and help the past couple of years because of the guidance.

All I have is to let you take a quick look at the Air Guard, funded minimally adequate to do the job.

Mr. MURTHA. We will put everybody's prepared statements in the record. We appreciate your coming before the Committee. Now we will hear from the Reserve components.

General CONAWAY. Thank you for your support.

Mr. MURTHA. There are a series of questions for the record.

General CONAWAY. May I add one thing in standing up to leave? I thank this Committee greatly for their support of RCAS. That affects General D'Araujo and General Sandler. RCAS is fielding the money; it will take two or three more years to field it.

Mr. MURTHA. If I were to say all the commendatory things about you in your last appearance before the Committee, it would take all of the next half hour.

General CONAWAY. Thank you, sir. Someone asked me what my plans were. I said that when I tell God my plans, He laughs.

Thank you, sir.

[The statements of General Conaway, General Killey, and General D'Araujo follow:]

Lieutenant General John B. Conaway
Chief, National Guard Bureau

Mr. Chairman and Members of the Committee:

I welcome the opportunity to again appear before you on behalf of the dedicated men and women of the Army and Air National Guard. It has been an honor and a pleasure to represent these outstanding soldiers and airmen in my capacity as Chief of the National Guard Bureau since February, 1990.

The National Guard and our country are at another crossroad in history. The nation is faced with new challenges as we've gone from the cold war to the cold peace, our leaders are in the midst of determining a new national security strategy, and our country's priorities focus on the economy and international stability.

This refocusing of national priorities once again returns the National Guard's domestic mission to the forefront. As soldiers and airmen, members of the National Guard are sworn to defend the Constitution of the United States against all enemies -- foreign and domestic. Because of our constitutionally mandated domestic mission, all Guardsmen and women take an additional oath of allegiance to their governors and states. It is this dual allegiance to nation and state that sets us apart from our counterparts in other reserve and active forces.

Our nation wields two spears: one aimed at the external threats to our security, the other aimed at our domestic problems. The active component forces under the Joint Chiefs of Staff are the tip of the spear aimed at these external threats with the Guard and Reserve forming the remainder of the external security spear. But it is the National Guard that is the tip of the internal spear, responding to our domestic problems and emergencies.

As we approach the 21st century, we are dedicated to keeping the Guard a viable reserve force and a more efficient and effective organization.

Our recent accomplishments supporting the communities of Los Angeles, Miami, southern Louisiana, Hawaii and Guam, are proof of our rededication to our tradition of community, state, and national service. A uniquely American institution, 357 years old, we are "America's Community Based National Defense Force".

We are also playing a unique role in meeting the challenges of a post-cold war world. Last November, I, as Chief of the National Guard Bureau, along with the Deputy Director of U.S. European Command's Military-to-Military Contact Team led a multi-agency delegation to Latvia, Estonia and Lithuania. This was the first high level U.S. military visit to these countries in more than 50 years. We were well received, with each nation expressing interest in developing closer military-to-military ties with the U.S., and in particular, the U.S. National Guard. Two years ago, I presented to you the National Guard's vision for the 90's articulated by ten specific goals. This document is an update of the vision, mission, and goals of the National Guard which will guide us throughout this decade and into the next century.

VISION

Our vision for the future is a quality National Guard of dedicated Americans:

- * Recognized as the world's most effective Reserve Force;
- * A full partner in the Total Force; and
- * Eager and competent to meet the challenges of the 21st century.

MISSION

The National Guard provides ready units and personnel to the state and nation in three roles:

- * Our federal role is to support U.S. national security objectives;

* Our state role is to protect life and property and to preserve peace, order and public safety;

*Our community role is to participate in local, state and national programs that add value to America.

GOALS

The National Guard's goals for the 90's, focus on the following:

1. Readiness
2. Equal Opportunity
3. Health and Safety
4. Environment
5. Civil Emergencies
6. Counterdrug Support
7. Family Support
8. Employer Support
9. Community Support
10. Quality Guard

I will now elaborate on each goal:

GOAL 1: READINESS

Everyday, we strive to improve our performance in the pursuit of our number one goal: to sustain a highly trained and ready force that meets all wartime operational, logistics and personnel standards.

Two years ago, when President Bush called up the National Guard for Operations Desert Shield and Desert Storm, we were ready. Building on our successes and lessons learned in the Persian Gulf War, we continue to improve our readiness.

Operational readiness can only be achieved and maintained through quality equipped, trained, and motivated forces led by effective leaders. While the Directors of the Army and Air Guard will provide you with more specific details on their respective readiness, training and equipment programs, I am pleased to offer you some significant highlights. These readiness highlights will be discussed in the following areas: Personnel, Organization, Training, Equipment, Mobilization, Medical, and Technology and Resource Management.

PERSONNEL

The Army National Guard is tasked with the challenge of bringing strength down while simultaneously increasing the quality of the force and maintaining the highest level of readiness. During FY 92 the Guard accomplished this goal.

The Army National Guard completed FY 92 with an end strength of 426,528, almost 20,000 less than FY 91 end strength. The end strength for FY 93 is programmed at 422,725.

The Army National Guard supports improvement of quality accessions and exceeded its quality goal in FY 92. In conjunction with the improvement of quality marks in recruiting, the ARNG supports the reevaluation of GED and suggests the GED holder be accorded the same tier ranking as the high school diploma graduate.

The Air National Guard met its FY 92 strength goal of 118,100 early in the year and posted an attrition rate below 9.6% the lowest of the reserve components. This success can be attributed to several factors. Force reductions in the active Air Force created a pool of trained and experienced airmen wanting to continue serving their country in the Guard. Real world missions offer opportunities for hands-on experience and our education and training benefits offer valuable experience for civilian life.

With increasing budget constraints, the Air Force in the years ahead will become increasingly reliant on the volunteer aspect of the Air National Guard to meet future mission needs. The challenge for the ANG of tomorrow is to develop the effective personnel policies and recruiting and retention initiatives necessary to ensure we remain a full partner in the Total Force.

Physically fit, well-trained and well-equipped, the ANG will meet the future's challenge through quality teamwork.

ORGANIZATION

Effective January 1, 1993, most Air National Guard units transitioned to the Air Force's objective wing structure. This organizational change mirrors the active duty structure and contributes to an improved deployment posture. Also, Air National Guard units transitioned from three to two gaining Air Force major commands.

Mission readiness for the Air National Guard continues to exceed 99%. However, Readiness Spares Packages fill rates may have a detrimental impact on our flying units in the future.

Considerable efforts were made during the past year by the Army National Guard to attain the 85% Duty Military Occupational Speciality Qualifications (DMOSQ) goal established by Forces Command (FORSCOM). As a result of the untiring efforts and involvement of the NGB and the state Adjutants General, we are moving toward this goal.

TRAINING

Real world missions and exercises give Guard units realistic training; the cornerstone of readiness. For example, the Air Guard is assuming a larger role in temporary tanker task forces in the Pacific and Europe and humanitarian airlift worldwide. The West Virginia Air Guard played a key role in Operation Provide Promise flying medical supplies and food into Sarajevo. They provided over 400 flying hours, airlifting 175 passengers and 2,000 tons of cargo in theater.

Operation Provide Relief drew essential support from Air National Guard units in Alaska, California, Kentucky, Maryland, Minnesota, Ohio and Tennessee. Flying more than 650 sorties to Somalia, they airlifted more than 900 passengers and delivered 4,000 tons of food and medical supplies. Medical technicians from North Carolina and flight nurses from Mississippi operated out of Mogadishu. The Air Guard also continued its support to

Southern Command with six C-130's rotating at Howard AFB, Panama six months out of the year. Six Air Guard F-16s are also at Howard twelve months a year to support counterdrug operations. Nation building operations gave us excellent training opportunities in FY 92 as ANG communicators and engineering installation personnel worked together in FUERTES CAMINOS 92. The ANG provided base camp communications and air traffic control services to both active and other reserve component customers for six months while deployed to three Central American countries. This outstanding training continues during FUERTES CAMINOS 93 in Guatemala, Belize, Honduras and Panama.

During FY 92, the ARNG implemented a program, designated Project Standard Bearer, to ensure our high priority Contingency Force Pool and Roundout units are fully capable of answering the call on day one of the crisis. Actions are also underway to ensure all ARNG Contingency Force Pool, Roundup and Roundout units are fully manned, totally equipped, and trained and validated to standard. The 38 highest priority contingency force pool units, designated operational units, are packaged to be available within seven days of an alert for up to 45 day missions.

Last year the state Adjutants General volunteered 102 high priority ARNG units from 50 states and territories to participate in the BOLD SHIFT pilot program. The BOLD SHIFT program greatly enhanced the training relationship between the active and reserve components and will improve the readiness of the Total Army. One of the cornerstones of BOLD SHIFT is the Operational Readiness Evaluation, modeled after the Air Force's readiness inspection program. We're analyzing data from the program to determine which aspects provide the greatest return in terms of resources and enhanced readiness.

EQUIPMENT

In FY 92 the Air National Guard continued modernization of the tactical airlift C-130 fleet. Twelve new production C-130Hs were delivered to the 123rd Airlift Wing in Louisville, Kentucky. These aircraft are even more capable than the C-130Hs delivered only one year earlier. Through the strong support of Congress, the National Guard Bureau was able to add to production line aircraft a self contained navigation system, defensive systems, and satellite communications.

We began a continuing and significant capability upgrade to HH-60G combat rescue helicopters. This upgrade provides a voice activated warning system, global positioning system, upgraded avionics suite, new cockpit instrument panel, extended range fuel tanks and an external personnel recovery hoist. In addition, we began an effort to add a maritime band radio and a forward looking infrared system for use in the country's war on drugs.

The ANG will retire the rest of our A-7s and some A-10s and continue our conversion into F-16 A/Bs and the newer C/D aircraft. Congress has strongly supported the modernization for our aircraft through the F-15 Multi-Staged Improvement Program, and F-16 Self Protection improvements. One critical area has been support for the 220E engine safety modification.

In 1992, the Army National Guard continued to reconstitute units from Desert Storm and most equipment has now been returned. We are now reassessing how we can best assure maximum readiness of our earliest deployers. Under the Project Standard Bearer initiative we've begun resourcing these units to 100 percent of equipment requirements.

Even as we grow smaller, we continue to modernize. During FY 92 we received additional M1 tanks, M2A2 infantry fighting vehicles, fire support team vehicles, night vision goggles, SINGGARS radios, tactical high frequency radios, HAWK missile systems, multiple launch rocket systems, mobile kitchen trailers, and upgrades of M109 Howitzers to the A5 configuration.

The ARNG also established and operated ten sites for the repair of excess active Army wheeled vehicles redeployed from Southwest Asia. When we finish this year, the ARNG will have returned more than 6,000 vehicles to service, conserved Army resources and improved the equipment-on-hand and modernization status of more than 790 Army Guard units.

With large quantities of excess equipment in Europe, we recognized a need and an opportunity. The Department of the Army concurred with our proposal to repair this equipment and we expect to begin during FY 93. Although quantities are not finalized, we anticipate a multi-year mission which will provide training and return over 20,000 pieces of equipment to serviceability for the Total Army. Equipment on-hand readiness status increased this past year. Distribution priority to early deployers, changes in reporting rules to prevent hidden shortfalls, and fiscal constraints in future years will combine to have equipment on-hand status more closely related to the actual percentage at which the Army resources the Guard.

Despite these gains, the ARNG remains critically short of many combat support systems. The value of equipment shortages is \$10.2 billion, reflecting actual shortages in tactical medium and heavy trucks, radios, and test, measuring, and diagnostic equipment. However, these shortages do not tell the whole story. A lot of items on hand are old and were not acceptable for deployment during Desert Storm yet they are still counted against on-hand values. The Congressionally directed Dedicated Procurement Program has contributed significantly to improving the EOH status. For FY 92, the DPP was allocated \$344.2 million, and for FY 93, \$544.05 million. With the force drawdown, we are carefully scrutinizing procurements to preclude duplication of equipment available from force reductions. The National Guard

has an obligation to provide adequate, safe and cost efficient "Facilities of Excellence" to support our units. Our aging infrastructure and shrinking real property support provide challenges that will continue to be conscientiously and prudently addressed to provide our people the best facilities for the available resources.

Mobilization

The activity level of the National Guard subsided only slightly since our extensive efforts in the Gulf War and training for mobilization continues as a major objective of the National Guard. This training and evaluation of mobilization preparedness is essential for improving unit and the State Area Command's ability to execute mobilization and deployment responsibilities.

ANG units sharpened their mobilization skills deploying to the Southwest Asia area of operations filling active duty rotation shortfalls in such areas as security, communications, and firefighting. The ANG also currently supports the Southern Watch no fly zone with combat communications and joint communications assistance.

ARNG units participated in many overseas deployment for training exercises in FY 92, including Team Spirit and Ulchi Focus Lens in Korea, Keen Edge/Yama Sakura in Japan, Cobra Gold in Southeast Asia, USARPAC ENRETE/MEDRETES in the Pacific, REFORGER and Crested Eagle in Germany, Northern Viking in Norway, Tradewinds in the Caribbean and various special operations exercises. Our units also participated in exercises in the U.S. such as War Fighter, LOGEX, Golden Cargo, Cascade Peak, and Optimal Focus. In each instance, we demonstrated we can successfully perform required mobilization within a time frame which could reduce theater arrival dates. Also during FY 92, more than 912 local mobilization exercises were conducted by state area command headquarters. Our continued participation in these types of exercises will surely reinforce and enhance our capability to mobilize and deploy.

FY 92 also brought changes to mobilization planning and doctrine. Based on the lessons learned from Desert Shield and Desert Storm, doctrine has been developed to enhance the mobilization of Reserve Component forces. We've been actively working with Training and Doctrine Command to institutionalize the Persian Gulf experience in consonance with reduced force structure and reordered defense priorities. The National Guard is committed to meeting the next challenge with policies and systems that improve our ability to respond when called.

MEDICAL

National Guard medical personnel continued their humanitarian efforts in FY 92 while performing training missions in developing nations. We believe health care and health education are powerful tools in contributing to stability in developing nations.

The National Guard has used Medical Training Readiness Exercises (MEDRETES) in places such as Panama, Paraguay, Honduras, Costa Rica, Guatemala, Senegal and Guyana as effective training for Guard members while also providing humanitarian assistance. The 1993 Authorization Act includes a provision to allow the Guard to use its medical assets to provide care in areas designated "medically underserved" by the Department of Health and Human Services. MEDRETES USA will be a clear cut example of citizen soldiers and airmen adding value to America while participating in realistic and challenging training.

The National Guard performed two joint missions in Africa in conjunction with the International Training Activities Program (ITAP). These missions, each consisting of a civil engineering project with medical assistance to the local population, were accomplished in cooperation with local military and civilian authorities. They provided exceptional training experiences for

the Guard soldiers and airmen while adding value to the countries of Senegal and Guinea. ITAP missions are a valid test of the capability of Guard medical, engineering and tactical airlift elements to operate in austere conditions under severe time constraints far from an established logistical base.

Our ANG Fighter Surgeon Course at Klamath Falls, Oregon called Top Knife, gave ANG flight surgeons valuable human factors training, flight experience and required continuing medical education. Doctors from other DOD agencies and Canada also attended. Also during FY 92, 116 students completed the third Aeromedical Evacuation Crewmember course at Gulfport, Mississippi.

Air National Guard aircrews and aeromedical personnel put their skills to the test flying worldwide aeromedical missions. For the first time, our unit in Jackson, Miss. performed aeromedical evacuation missions to Saudi Arabia and Germany. These missions give crews hands-on experience as well as garnering increased support with their active counterparts.

The ARNG fielded the Theater Army Medical Management Information System to 41 units two years ahead of schedule. This important task couldn't have been done without the support of the medical personnel at the Regional Training Sites who went through an extensive two month train-up in conjunction with active component fielding. Guard units trained at the Logistics Support Center in Pennsylvania. The introduction of this comprehensive automation system places the Army National Guard in the forefront of Medical Force 2000.

Technology/Resource Management

As we sustain our efforts to do more with less, the National Guard continues to promote technology and develop effective resource management to enhance administrative efficiency and tactical proficiency.

The Reserve Component Automation System (RCAS), is a comprehensive computer system which provides commanders, staff and functional managers with timely and accurate information. The RCAS uses commercial, off-the-shelf hardware and software, telecommunications, and specialized application software to support the day-to-day administrative needs of the reserve component while enhancing their ability to mobilize. The RCAS will link more than 9,800 Army Guard and Reserve units at 4,700 locations with their headquarters and mobilization stations.

As part of the FY 93 RCAS program, an additional 600 Guard and Reserve units in the 6th Army area, the new U.S. Army Reserve command headquarters in Atlanta, and the new Army National Guard Readiness Center in Arlington, Virginia will receive local area networks.

The \$5.5 million state-of-the-art communications system in the new \$44 million Army National Guard Readiness Center will provide better communications services well beyond the year 2010. The Readiness Center's voice integrated service data network and multimedia services for more than 1500 customers, is fast becoming the model for the National Capital Region. In addition to these improved services, we are also able to reduce yearly operational costs for communication services.

ANG base communications were greatly improved in the last year. The full scale deployment of the ANG local area network is complete at 50 percent of ANG bases, allowing on base communications as well as defense data network access and ultimately worldwide connectivity. Software improvements for the integrated military personnel system continue to give resource managers detailed data for cost accounting analysis.

Learning from Desert Storm, ANG flying units will have their own deployable organic communications capability directly supporting the wing commander. This will give the wing commander tactical communications capability so he can exercise command and

control and also coordinate with other deployed forces. To be fully successful, this program requires funding of modern, off-the-shelf, lightweight satellite systems and other command and control systems to meet the increasing demand for instantaneous voice and data communications.

GOAL 2: EQUAL OPPORTUNITY

Equal opportunity for all military members and civilian employees of the National Guard remains a major goal, second only to readiness. We believe that fair, equitable and nondiscriminatory treatment fosters unit cohesion and readiness and increases combat effectiveness. We have restated our firm commitment to equal opportunity and to an environment free of sexual harassment in policy statements issued by myself and the Adjutants General.

In support of our equal opportunity goals, we increased sexual harassment prevention training and introduced dispute resolution to expedite settlement of discrimination complaints. Equal opportunity is also receiving close scrutiny during personnel management evaluations. The National Association for the Advancement of Colored People (NAACP) recognized our efforts at their national conference in 1992 when Dr. Benjamin Hooks presented the National Guard their highest award given annually to a federal agency for fostering equal opportunity. We were also recognized by the Department of Defense for exceeding its goal for hiring persons with disabilities.

With the promotion of the first Air National Guard woman to the rank of Brigadier General, and the Army Guard's selection of their first female general we continue to pursue our goal of greater equality and participation of female members. As part of our Air National Guard Human Resources Quality Board, we established a team to specifically address this issue. We closely monitor the number of women and minorities in the Guard to ensure that their numbers and role in the Guard do not suffer during downsizing.

While making great strides in providing equal opportunity in the Guard, we're also ensuring that discrimination complaints, including alleged sexual harassment, are dealt with promptly and fairly. We've revised our complaint policies and procedures to give all members and employees an effective avenue of due process.

GOAL 3: HEALTH AND SAFETY

The National Guard continues to emphasize high standards and safety awareness in each National Guard member through leadership, training, proper equipment, facility maintenance and operational programs.

HEALTH

We are increasing our commitment to the health and fitness of our members to ensure they are 100 percent combat ready and deployable. The ARNG now has at least one master fitness trainer in more than half its company level units. These trainers give health and nutrition guidance to commanders and soldiers and we hope to have one trainer in every company by the end of 1995.

This year the National Guard established a nationwide health program to improve the physical fitness of young Americans. When fully implemented, it will reach every high school in the nation and include state, regional, and national championships.

SAFETY

In FY 92 the Army Guard ground safety program achieved unprecedented results with more than fifty percent reductions in all accidents and more than a forty percent reduction in privately owned vehicle fatalities. With four class "A" aircraft accidents, we finished the year with a rate of 0.96 per 100,000 flying hours.

The Air Guard class "A" mishap rate was 3.2 per 100,000 flying hours. The ground and explosives mishap rate remained

stable over the past three years and remains below the active Air Force rate.

GOAL 4: ENVIRONMENT

Environmental compliance is one of the National Guard's top goals for the nineties and beyond and as citizen soldiers, protecting and preserving our environment for future generations is a top priority. Over the past year, we made significant strides toward achieving and maintaining environmental excellence.

Since the Army National Guard's Environmental Resource Management Office was established in 1990, 17 environmental program areas were developed and managed. All 54 states and territories have staff environmental professionals to ensure our environmental goals are met.

Today's environmental requirements pose many challenges to management. Specialized personnel from archeologists to zoologists are important to our program and hiring these professionals in the midst of military downsizing is a very significant challenge.

Environmental awareness at all levels must be integrated into every aspect of training. In this regard, we established a comprehensive program emphasizing awareness, technical and management training. The Army National Guard's version of the Total Army's Environmental Master Plan will emphasize the train the trainer concept. State specialists will be the focal point and they will become the trainer in their states stressing environmental awareness down to the soldier level.

To fully comply with the National Environmental Policy Act (NEPA), the Army Guard developed and distributed more comprehensive guidance to the states. This guidance will help professionals in the field comply with the spirit and intent of NEPA, with emphasis on the need for full public involvement.

The Environmental Compliance Assessment System (ECAS) and the Environmental Compliance Assessment and Management Program are the National Guard's initiatives to better achieve compliance with federal, state, and local environmental laws and regulations. In this program, each federally owned or supported facility is surveyed in several different environmental areas. ECAS made significant progress in FY 92 with 28 states beginning the eight month process. Increased demands on training areas make natural resource conservation a critical land management issue. We're actively addressing this issue through the Integrated Training Area Management (ITAM) program, developed by the U.S. Army Corps of Engineers. This program takes a holistic approach toward balancing mission requirements and environmental responsibility by measuring the effects of training on the fragile ecosystems in which our troops must operate. The program's thrust is to apply sound land management practices at the conceptual stage of any proposed action or training program. Early integration of ITAM allows the Guard to determine the presence or absence of such vital natural resources as endangered plant and animal species, wildlife and wetlands. That information is then used to manage training to lessen any adverse long-term environmental impacts. ITAM is in various stages of implementation in 14 states.

Our environmental commitment is exemplified by the Idaho National Guard. In FY 92, they received the Army's Natural Resource Conservation Award for their program at the Orchard Training Area. This was the first Guard installation to implement the ITAM program and the first time a Guard installation won this award. The Idaho Guard has also taken a lead role in a research project on habitat alternation in the Snake River Birds of Prey area. The Army National Guard is surveying endangered species on all their one million acres to formulate a strategy to maintain a trained and ready force while

meeting their responsibilities under the Endangered Species Act. This is largely being done under a DoD Memorandum of Agreement with the Nature Conservancy. The National Guard has begun an environmental communication program to train environmental professionals. The training enhances scientists' and engineers' skills in communicating with the public media about very complex, often controversial, environmental issues.

The Army National Guard also initiated several test programs to reduce the volume of hazardous waste generated by military activities. Initial results indicate the test programs are a success. Hazardous waste has been reduced by eight percent with no adverse effect on unit missions. Expansion of these programs is planned for this year. The Air National Guard continues to emphasize environmental awareness training. During 1992, the Air Guard conducted manpower reviews of the environmental coordinators offices at each base to determine requirements for these growing functions. The ANG also developed remedial action plans for all its sites.

GOAL 5: CIVIL EMERGENCIES

The National Guard is unique among all the service components because of its dual role. Events within the past two years validate the critical need for this dual capability and demonstrate the National Guard's ability to perform both its state and federal mission.

During FY 92, the National Guard responded to 322 emergency missions in 51 of our 54 states and territories. This included four civil disturbances, 112 natural disasters, and 206 domestic emergencies. These emergency missions involved approximately 28,000 Army and Air National Guard members performing nearly 375,000 workdays.

Early in the year, we saw the first of several large scale deployments. In response to flash floods and mud slides, causing death and devastation in a portion of southern Puerto Rico, the governor called on the National Guard for help. Between January 5 and February 29, 286 soldiers of the Puerto Rico Guard provided humanitarian assistance in 14 communities. Missions included water and food distribution, emergency medical evacuations, engineer support, and search and rescue operations. The riots in Los Angeles caused the largest single deployment of Guard forces in FY 92. The key to fully understanding the California Guard's successful deployment is that no prior warning existed; it was a cold start response with an astonishing rapid reaction time. Within six hours of the governor's order, more than 2,000 men and women reported to their home station armories, some having to travel through riot areas to their duty stations. Within 18 hours, the first company of military police were on the street in coordinated support of law enforcement officials. Within 24 hours, more than 4,000 Guardmembers were staged in the city of Los Angeles and more than 1,000 were performing street missions. Within 48 hours, more than 6,000 soldiers and airmen were on the street, an additional 4,000 were staged in Los Angeles, a curfew was in force, and crime had dropped significantly.

The National Guard success story in California is not only one of responsiveness, but also reflects leadership and outstanding individual soldier performance. Despite harassment and provocation, the soldiers and airmen demonstrated restraint and good judgment. Throughout a period of duty that kept more than 10,000 Guard members deployed for three weeks, only 20 rounds of ammunition were expended. In all cases, the purposeful discharge of weapons was fully justified by law enforcement agencies as appropriate. This outstanding judgment and mature discipline is the result of excellent training and quality people. Praise of our performance on the streets of Los Angeles has been widespread. The Guard's presence allowed law enforcement agencies to seize the initiative, curtail violence

and restore order. Mother nature presented the next major challenge when Hurricane Andrew swept across the southern tip of Florida on August 24th, dealing catastrophic damage to South Dade County, Florida City and the Homestead area.

The Florida National Guard's response began three days earlier with the alert of key personnel. On August 23, the state requested execution of a Florida and North Carolina Guard interstate support agreement for medical evacuation from the Florida Keys. That same day, the governor issued the order for mobilization of 1,500 Guard members. Prepositioning of forces started immediately.

As the hurricane passed, Guard units moved into the devastated areas to assist law enforcement agencies with security. But, as state officials realized the extent of the damage, the Guard mission quickly expanded to encompass humanitarian missions. By August 25, troop strength had grown to almost 4,000 and would continue to climb until reaching a sustained strength well over 6,000. Within the first ten days, the Florida Guard provided security patrols, medical treatment, damage assessment, aviation support, debris removal, transportation and distribution of food, water, and medical supplies, temporary shelters and translation support for non-English speaking citizens.

As federal assistance arrived, many humanitarian relief missions were transferred, allowing the National Guard to focus on support to law enforcement. The National Guard was also a valuable link between the federal forces and state government. After clearing Florida, Hurricane Andrew moved into the Gulf of Mexico and most Gulf Coast states put soldiers on alert. By August 25th, evacuation along the Louisiana coast began with the help of the Guard. When Hurricane Andrew made landfall in Louisiana on August 26th, 572 Louisiana Guardsmen were on duty and ready to deploy with the total number of soldiers and airmen deployed eventually rising to 1,446. The Louisiana Guard performed a variety of support missions throughout the disaster, including security, temporary shelter, transportation, power generation, water and food distribution, and engineering support.

ANG units flying more than 1,200 hours airlifted 2,539 passengers and 1,925 tons of cargo to the ravaged areas of Louisiana and Florida.

Shortly after coping with Hurricane Andrew, attention was turned to the Pacific and Typhoon Omar. National Guard response was immediate and more than 370 Army and Air National Guard personnel were placed on territorial active duty. Missions included water purification and distribution, feeding, shelter operations, transportation and debris removal.

Following a two week pause, the unusual weather patterns plaguing our states and territories continued. On September 12, Hurricane Iniki hit the island of Kauai. Like Andrew and Omar, Iniki left a path of destruction.

The Hawaii National Guard responded to the emergency. In addition, six California Air National Guard C-130s and crews, along with a combat communications group, were staged to deploy. This support was later augmented by assets from Alaska, Oklahoma, Washington, West Virginia, and Texas. Personnel strength reached 2,050 Army and Air Guard members as disaster assistance operations progressed.

Missions on Kauai included providing shelter, communications, airlift, food, transportation and distribution of supplies, medical assistance, and engineering support.

To broaden our community based support capabilities, we recently reorganized at the National Guard Bureau to better align our functional capabilities and improve interoperability with the Department of Defense. Our Military Support Division, as the NGB executive agent for civil emergencies, moved to the Army Guard

staff. Also, a 24-hour Army Guard operations center was established to improve coordination between the Air Guard, states and territories, DoD, JCS and other agencies. The success of this reorganization was proven during the recent wave of catastrophic disasters.

Major General Stroud, the Adjutant General of Louisiana, has been appointed as the National Guard liaison to the Federal Emergency Management Agency's advisory board. This will further enhance cooperation between FEMA and the National Guards of states.

The need for a strong domestic response capability was clearly indicated during this past year. We are rightfully proud of the quick and effective reaction demonstrated by Guard members throughout this country as they met a myriad of emergency deployment challenges. It is doubtful however, whether this pride could match the appreciation of the victims they helped.

GOAL 6: COUNTERDRUG SUPPORT

During the past year, we again expanded National Guard support of local, state and federal law enforcement efforts to interdict and eradicate illegal drugs. We will also continue to expand our efforts to reduce the demand for drugs through a variety of programs at every level.

The National Guard increased the number of workdays devoted to drug interdiction and counterdrug activities during FY 92 by almost 25 percent, from 875,513 to 1,092,319. On any given day approximately 3,500 National Guard personnel are on duty supporting counter-drug operations. Counterdrug support missions included special training programs, aerial and ground reconnaissance and transportation of law enforcement officers performing counterdrug operations. Guard members also conducted commercial cargo inspections at land, sea and aerial ports of entry, transported contraband for law enforcement agencies and eradicated marijuana. Our people were instrumental helping law enforcement agencies confiscate illicit drugs and currency with a combined street value of \$67 billion.

Since October, 1991, we've been fielding specially configured Army Guard helicopters at the rate of four per month. These aircraft provide counterdrug support along the borders and in high drug traffic states. Fielding of 78 modified aircraft to 28 states will be complete by the third quarter of FY 94.

The San Diego Border Road Project is continuing, with 14 miles of border road and 9 miles of access road completed last fiscal year, along with the upgrade and maintenance of 317 miles of existing road. This project, in support of the U.S. Border Patrol, is immense and demonstrates the Guard's careful planning and professional execution of a challenging engineer project.

At the request of the Drug Enforcement Administration (DEA), we have a National Guard liaison officer assigned to each DEA divisional field office. This insures timely response to the lead drug enforcement agency's requests for Guard support. We are in our third year of attacking drugs two fronts: first through supply reduction; and second, through reducing the demand for drugs. The National Guard is vigorously engaged in prevention, education, and awareness activities within the Guard, and in America's schools and communities.

At the national level, we have a Quality of Life Division in the Office of Public Affairs, which is responsible for our Drug Demand Reduction (DDR) Program. They develop and implement policy guidance for community outreach programs in our 54 states and territories, focusing on preventing America's youth from drug abuse.

At the state level, the annual Drug Demand Reduction Program Plan is approved by the governor and submitted by the Adjutant General to the National Guard Bureau for review. State plans identify organizations, agencies, and community coalitions

National Guardmembers provide "force multiplier" support on a daily basis.

Our Drug Demand Reduction Program efforts at the community level are progressing remarkably well. Our armories are used to support youth-oriented community events such as drug free social and sporting events.

In June 1992, the National Guard Drug Demand Reduction strategy was announced at the first National Guard Drug Demand Reduction Conference. Participants were the adjutants general, executive directors of state drug abuse programs, and state DDR administrators. As a result of this conference, many states were able to organize a state-level coalition or increase the effectiveness of an existing coalition.

In September 1992, we conducted our first Drug Prevention and Demand Reduction course at the National Interagency Counterdrug Institute (NICI). Courses are scheduled throughout fiscal year 1993 for training various organizations, agencies and community representatives, as well as National Guard personnel, to build coalitions at the community level.

I believe that a fully implemented National Guard Drug Demand Reduction Program will contribute significantly to solving the drug epidemic in America.

GOAL 7: FAMILY SUPPORT

The families of our citizen soldiers and airmen are an important part of the National Guard. The assistance and support we provide to our Guard members and their families yields increased retention strengths and readiness.

In fact, the mission of the Guard's Family Program is to enhance readiness by increasing the overall well-being of the Guard family and its ability to cope with the unique realities of military service. During the past year, our volunteers, State Family Program Coordinators and other personnel staffed more than 35 family assistance centers in Florida, Hawaii and Guam in response to natural disasters. Family Support Groups were activated at units throughout the country supporting family members during local activations for firefighting, flood control and annual training. When Guard units deployed to South and Central America, Family Assistance and Support Groups helped not only their families, but also established relationships with families where the unit was deployed. Our children became penpals with children in the overseas community and books were collected to support new schools we were building.

Now, our Family Assistance network of 54 Family Program Coordinators and hundreds of volunteers are prepared to assist the families of all components supporting our mission to Somalia, and any other mission the U.S. may undertake.

Being located in communities across the nation, our assistance centers provide key focal points for the support of Guard members. The Guard's participation in the Gulf conflict personalized the war for the public, as they saw neighbors and friends called to serve. This will continue as the National Guard expands its involvement in communities throughout the U.S. This positive interaction with communities provides a solid base and adds value for the future of our National Guard Family Program.

GOAL 8: EMPLOYER SUPPORT

In 1972, the Department of Defense chartered a unique volunteer organization to minimize potential conflicts between part-time military members and their employers. Today, more than 4,000 volunteers throughout the country make up the National Committee for Employer Support of the Guard and Reserve (ESGR). The purpose of ESGR is to promote public and private understanding of the National Guard and Reserve to gain employer and community support. It also strengthens public awareness and support of the critical need for the Guard and Reserve.

The Guard plays a significant role in each of the state employer support committees. Virtually every state committee has a positive working relationship with its Adjutant General and in most cases he is an active member. Twenty-seven out of 54 state executive directors are National Guard members. Clearly, without the pervasive assistance of the National Guard, the ESGR mission would be nearly impossible to fulfill.

This partnership has had a significant impact on improving Guard and employer relationships. For example, the National Committee for Employer Support of the Guard and Reserve distributed 5,300 special Operation Desert Storm Seven Seals awards to businesses and organizations who went the extra mile to support our Guard members and Reservists. We encouraged our people to participate in the "My Boss is a Pro" program; over 13,700 certificates were distributed and more than 55 percent were awarded to Guard employers.

Though we pray the future will not put Guard members in harms' way, we do recognize that when they serve, they will do so knowing they will be fully and effectively supported at home.

GOAL 9: COMMUNITY SUPPORT

We need to preserve solid community support for our members to maintain the strong grass roots from which we draw our strength. To accomplish this goal, we will continue to support our public affairs personnel in their efforts to increase the public's understanding and appreciation of the National Guard, its key role in the Total Force, and its importance to the community. Guardmembers deserve no less than the full support of those they serve.

This task has always been relatively easy, because we've been serving our neighbors for many years in many ways. Besides our obviously positive economic impact, success in the fight against drugs, ongoing management of the environment and effective response to state emergencies, we contribute in many other ways to the community. With more than half a million citizen soldiers and airmen at more than 3,200 separate grassroots locations, we have resources and a "can do attitude" to serve our communities at parades, military open houses, base tours, air shows, flyovers, or assisting with community improvement projects, youth groups and humanitarian efforts.

Our armories serve as the focus for a wide range of local community activities. Our Army and Air National Guardmembers are often the only people in military uniform in many of the small towns and communities where they live. To the people in these places, the National Guard is the Total Force. A typical example is my hometown of Henderson, Kentucky, where Guardmembers serve as role models for young people in the community.

Although members of the general public have some idea the Guard serves its communities, it has no idea just how much on a nationwide scale. For instance:

- *When the Guard was mobilized for Operation Desert Storm, grassroots support for the war was the strongest since World War II, because the Persian Gulf War was felt so profoundly at the local level.

- *When the troops came home, stateside citizen-soldiers greeted them in style, supporting more than 700 Welcome Home celebrations.

- *When Hurricane Andrew devastated Florida and Louisiana, neighbor-state citizen-soldiers not directly called up to respond nevertheless contributed by opening armories as donation collection points and transporting food to devastated areas.

- *Guard units throughout the country support community improvement efforts such as building ball fields and knocking down crack houses.

- *Overseas, the Guard is providing vital humanitarian relief to Bosnia and Somalia.

*To combat the decline in youth physical fitness, the Guard is implementing the National Guard Youth Physical Fitness Program at the high school level. This program also encourages students to get in "mental shape" through the award of "scholar-athlete" trophies.

*Nationally, the Guard is developing special relationships with 11 youth organizations that allow us to reach 37 million young Americans.

*National Guard members are involved in more than 500 unit sponsored community and youth programs across the country.

In support of our efforts to expand youth initiatives, Congress authorized the National Guard Bureau to develop and conduct five pilot programs for three years, with the appropriations for implementation in FY93. Based on interest and ability, more than half the states and territories have already volunteered to host these pilot programs.

Three of the youth pilot programs, part of the National Guard Civilian Youth Opportunities Program, are designed to give high school dropouts a second chance. Challenge is a five month residential program at Guard facilities for 16 to 18 year old dropouts who are not involved in drugs or the criminal justice system, but nevertheless are unlikely to succeed without intervention. Challenge emphasizes a curriculum of eight core components, including GED preparation, life coping skills, citizenship and community service. The same preventive approach and curriculum are incorporated, on a smaller scale, into the Youth Conservation Corps, a six week residential program, and the Urban Youth Corps, a six week day program conducted at inner city armories.

In addition to the programs designed for high school dropouts, two Guard youth pilot programs emphasize an in-school curriculum of math, science and engineering. STARBASE, a five day program for youth 6 to 18 years of age, is aimed at math and science literacy, drug demand reduction, fitness and environmental responsibility. The Los Angeles Unified School District (LAUSD) Outreach Program, comprised of four major programs oriented toward improving the math, science and engineering knowledge and skills of students, is the fifth Guard sponsored youth program.

Rapid expansion of these programs during and beyond the three year pilot phase is anticipated, with many states eventually hosting multiple programs.

We believe youth programs like these are a concept whose time has come. Congressional support of these programs, aimed at giving American youth a second chance at a brighter future, is a farsighted approach to improving the future of our nation. National Guard Bureau renewed its commitment to economic development and improving opportunities for small and disadvantaged business in our communities with the selection of its first full-time Associate Director for Small and Disadvantaged Business Utilization. Throughout the Guard's 147 contracting locations, increased emphasis on targeting requirements suitable for contract awards to small businesses and minority firms resulted in exceeding all FY 92 small business goals. Through third quarter FY 92, the Guard placed \$322.9 million in prime contract awards to U.S. businesses, \$233.8 million or 72.4 percent of which was placed with small businesses against a goal of 60 percent. Our small business set-aside award amounted to \$98.2 million or 30.4 percent against a goal of 27.2 percent. In the area of small disadvantaged business prime contracts, we awarded \$26.3 million or 8.1 percent, against a goal of 5.5 percent. Additionally, the Guard awarded \$11.8 million or 3.6 percent against a goal of 3 percent in prime contracts to women-owned small business concerns. This trend is expected to continue for the remainder of the fiscal year.

Following are just a few more examples of our community support success stories:

*When Hurricane Andrew devastated Florida and Louisiana, citizen-soldiers who were not mobilized nevertheless contributed by opening armories as donation collection points and transporting food and materials to devastated areas.

*Guard units throughout the country support community improvement efforts such as building ball fields and knocking down "crack" houses.

*To combat the decline in youth physical conditioning, the Guard is implementing a National Guard Youth Physical Fitness Program at the high school level. This program also encourages getting in mental shape by awarding scholar-athlete trophies.

Nationally, the Guard is developing special relationships with 10 youth-based organizations that together have 37 million members. The National Guard is involved in more than 500 ongoing community and youth programs across the country.

GOAL 10: QUALITY GUARD

The National Guard has begun its transition from the Establishment phase, to the Implementation phase of our Quality Guard initiative in support of Total Quality Management (TQM). In this new phase, our goal remains to provide better service to people, organizations and communities of this nation through continuous improvement of National Guard processes.

The National Guard has matured in its application of both quantitative and qualitative TQM methodologies. Our Joint Executive Council, consisting of all National Guard Bureau general officers and general officer equivalents, has been trained extensively in Total Quality. We have dedicated our time and energy toward reworking and validating our core values, our basic principles, and our operating style to ensure the National Guard is ready to meet the challenges of the 21st Century. To this end, we have published our National Guard Goals for the '90's so every soldier and airman will clearly understand the priorities and direction of our organization.

Our strategy for this initiative requires an active role by top leaders, a disciplined methodology, a support system, and mandatory education and training on a continuous basis. To enhance the implementation of the Quality Guard initiative within the 54 states and territories, training opportunities are being provided to all levels, starting with the Adjutants General. Several states implemented the Quality Guard initiative with positive results. Maryland, for example, sent its A-10 unit to the Air Force's Gunsmoke competition with the goal of winning as a team. Their performance was exemplary, and they won Gunsmoke. The state of Washington is moving forward with a brilliant linkage of quality and long range planning.

The Quality Guard initiative has been greatly enhanced with the opening of our Air National Guard and Army National Guard Quality Centers. These centers have taken over responsibility for implementing the Quality Guard initiative within their Directorates. Great strides have been made in managing the reorganization of the Air National Guard and the downsizing of the Army National Guard by using Project Action Teams at every level of the organization to provide input, and oversee, these processes.

One of the National Guard Bureau's greatest successes in quality has been the Drug Demand Reduction initiative. We created a cross-functional board made up of everyone in the National Guard Bureau who works with the counter drug program in some way and representatives from states with inner or border concerns. This group produced a strategy for the National Guard to help fight the illegal use of drugs in our communities. Their efforts have been well received by national state and local agencies.

The increased visibility of senior leader involvement in our Quality Guard initiative in the last year has contributed greatly to our success. However, we still have much to do to meet our Quality Guard goal of institutionalizing a quality culture that promotes continuous improvement through trust, teamwork, customer orientation, and effective management of resources.

Summary

I've presented the goals and highlights of the National Guard during the past year along with our plans to meet future challenges. We remain a highly trained and ready member of the Total Force with a renewed commitment to our traditional mission responding to domestic problems and emergencies. We are our country's community based defense force insuring America's future.

D E P A R T M E N T O F T H E A I R F O R C E

PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON DEFENSE

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: 1994 AIR NATIONAL GUARD PROGRAM

STATEMENT OF: MAJOR GENERAL PHILIP G. KILLEY
DIRECTOR, AIR NATIONAL GUARD
HEADQUARTERS, UNITED STATES AIR FORCE

APRIL 1993

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

Air National Guard

MR CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you once again for the opportunity to appear before this committee on behalf of the 118,000 proud men and women of the Air National Guard today.

When I testified last year I said the Air Force had done it right. In tough times, they have kept the faith with their Guard and Reserve forces. When we were needed, we were called. When we went, we were prepared to do the job. Today the Air National Guard continues to play an essential role across the breadth of Air Force activities and missions. Our Air Guard force structure is balanced to support both our federal and state missions. We are a cost-effective community-based defense force trained and equipped to rapidly and skillfully respond to the needs of our country, our states, and our local communities. The volunteer spirit of our men and women reflects the finest traditions and history of the Militia.

The Air Guard response to the Air Force's call for volunteers to support a host of disaster relief and humanitarian missions both in the United States and throughout the world has been overwhelming. I am proud of them. More important, they are proud of themselves, and their communities all across America share in that pride. We have proven that the Air National Guard does truly "add value to America."

As the new national defense strategy unfolds which recognizes the profound implications of political change taking place around the world and the corresponding drawdown of our military forces resulting from the changing threat and competing national priorities, the Air Force has vigorously and systematically implemented a balanced drawdown of its force structure. The Air Force has postured itself for the future by reorganizing, restructuring, and balancing today's readiness and tomorrow's modernization. The Air National Guard has changed with the Air Force to insure that we remain compatible, interoperable, and accessible with our Global Reach, Global Power Air Force team. To prepare for the future, we have made organizational improvements and force structure changes to better meet the needs of tomorrow's Air Force. Today we have assumed a greater share of the nation's defense responsibilities even though the Guard's size has not increased. To accomplish so much with smaller forces requires operating more flexibly and being creative about how we use our forces.

Next year, the Air National Guard marks another major milestone as we transition into the heavy bomber mission. We are also continuing to work with the Air Force to define potential roles for the Air National

Guard in space missions. These missions make sense for the Air Guard as we respond to the changing military force requirements. We have the skill and capability to do almost any mission assigned if properly resourced.

The Air National Guard has stepped forward to meet the day-to-day operational commitments of the Air Force. The call has come not just for our fighter, tanker, and airlift assets, but also for our communications, medical and civil engineering capability. This past winter we had Air National Guard men and women deployed to every continent including Antarctica using their skills and training supporting our national interests around the world. I am especially proud of the humanitarian efforts of the men and women in our airlift units who for most of this past year have been actively participating in the relief efforts in Sarajevo, Kenya, and Somalia. We fully expect this demand for Air National Guard participation to continue, if not increase. Increasing calls for Air Guard support means that we have to continue to adequately fund our operation and maintenance and military personnel accounts. We have developed a strong partnership with the Air Force to insure that our Air National Guard is properly resourced, trained and equipped -- a strong Air Force means a strong Air National Guard. Together with the Air Force, we have committed the resources to maintain a well trained and equipped Total Force. Our FY 1994 budget request accordingly includes funds for training, maintenance, and other requirements essential to maintaining the high level of readiness which the Air National Guard has achieved in the past. We continue to modernize our aircraft fleet. In the last year we have received 126 F-16C/Ds, 12 C-130Hs, 26 KC-135Rs, 4 C-141s, 24 F-4G and aircraft. At the same time we were able to withdraw 303 older aircraft from the inventory, of which 174 will be retired. We will retire the remainder of our A-7s, some A-10s, and continue our conversion into the F-16C/D aircraft. By the end of FY 1993, the Air Guard will have converted all its A-7 units to the F-16 or KC-135 and will no longer have any A-7s in the inventory. We will also continue to modernize our mobility fleet by replacing older C-130s with the new C-130Hs. In addition, we continue to expand our air rescue capability with the procurement of HH-60 helicopters.

Operational upgrades to improve our aircraft fleet continue to be strongly supported. We continue to modify our fighter fleet to provide a significant increase in wartime capability. Upgrading our weapon systems delivery capability will provide us with the ability to fight beyond visual range. Additionally, night vision capabilities and other operational modifications are being added to improve aircraft capabilities in the war on drugs. Defensive systems, safety and navigation modifications help insure aircrew and aircraft survivability. Extending the useful life of current aircraft systems makes good economic and military sense.

Mission enhancing programs such as upgraded defensive systems and improved common radar for our airlift and tanker mobility assets, and programs to extend the service life of our airlift aircraft should continue to receive strong support even though our force is getting smaller. These are prudent modernization efforts which are critical to our future ability to project power.

Despite intense budgetary constraints, the Air Force has avoided major downsizing of the Air Guard. It has been suggested that with further reductions, the Air Force will have no choice but to reduce the Guard and Reserve. We do not welcome that prospect; but we do understand it. However, it is Total Force history, culture, and tradition that the Guard and Reserve act as full partners in the programming and decision-making process and we will jointly be ready to address such reductions should they come.

We must find smart ways to reduce those things that are no longer needed. When cuts come we seek alternate missions. Next we seek to downsize in-place to maintain the National Guard infrastructure in our local communities. Only as a last resort do we intend to close units.

Common sense says we must maintain a prudent pace in the defense drawdown. Any shift in magnitude of the Air Force force structure changes should be done in a orderly fashion to avoid damaging or destroying the forces we are trying to preserve and to soften the impact on our people.

People are our number one priority. Recruiting, training, and retaining the best and brightest remain our highest priorities. These also pose our greatest challenges. We are pushing our personnel systems to the limit to smooth the transition of our reductions in full-time civilian personnel back into an economy that is not as robust as it could be. We are losing over 1,300 full-time civilian personnel during FY 1994 and are concerned about helping our people transition to other careers. Simultaneously we want to preserve the right mix of skills and experience while motivating and training the force that remains.

To better serve our people, our Air Force, and our nation in this period of dynamic change, we have remained committed to our journey in continuous quality improvement. This process has meant we have had to change our way of looking at who we are, who we support, and how we do it. Thus, we have set in motion a more structured approach to managing and improving the quality of our products and services.

The Air National Guard is also fully committed to correcting past environmental problems, avoiding future noncompliance, changing business practices to avoid

pollution and, in partnership with the Air Force, becoming the overall Department of Defense leader in environmental quality. We have committed the resources in the FY 1994 President's Budget to fund all currently identified recurring operations and services and Level I requirements to correct existing noncompliance problems and addressing any areas which would be out of compliance if not addressed in the program year.

Maintaining a quality Air National Guard during this period of downsizing is the challenge and focus of the FY 1994 budget. This budget request reflects the impact of the Air Force and the Air National Guard in transition. It represents the minimum needed to preclude increasing the gap between resources and readiness. We are continuing to explore options in which the Air National Guard can adjust its forces to retain and improve its versatility, our ability to deploy, and our ability to maintain a viable rotation base in peacetime to meet the needs of the Air Force, the nation, the states, and the communities.

On behalf of all the men and women in the Air National Guard I want to thank you for your outstanding support. We have continually demonstrated that your support of the Air Guard has added value to America. The Air National Guard stands ready, eager, and accessible to meet future challenges as a full partner in the Total Air Force.

RECORD VERSION

STATEMENT BY

BRIGADIER GENERAL (P) JOHN R. D'ARAUJO
DIRECTOR OF THE ARMY NATIONAL GUARD
UNITED STATES ARMY

BEFORE THE
SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES
FIRST SESSION, 103d CONGRESS

NATIONAL GUARD AND RESERVE PROGRAM

29 APRIL 1993

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COMMITTEE

Biography



National Guard Bureau

Departments of the Army and the Air Force

General Officer Management Office, Washington, D.C.

MAJOR GENERAL JOHN R. D'ARAUJO, JR.

Major General John R. (Jack) D'Araujo, Jr. is the Director, Army National Guard, National Guard Bureau, Washington, DC. As Director, he formulates, develops, and coordinates all programs, policies and plans affecting the Army National Guard and its more than 440,000 citizen soldiers.

General D'Araujo was born on Feb. 24, 1943, in Hilo, Hawaii. He is a 1962 graduate of Saint Joseph's High School in Hilo, and also a graduate of the State University of New York at Albany, graduating in 1967, with a bachelor of science degree in Liberal Arts. His military education includes the Infantry and Air Defense Artillery Basic Courses, the Air Defense Electronic Warfare Course, the Quartermaster Officer Advanced Course, the Command and General Staff Course and the Army War College.



His military career began when he enlisted in the Hawaii Army National Guard in May 1960. General D'Araujo was commissioned a second lieutenant in the Hawaii Army National Guard on June 28, 1963, upon graduation from the Officer Candidate School, State of Hawaii Military Academy. He served as a platoon leader in the 2nd Battalion, 299th Infantry of the 29th Infantry Brigade and later as aide-de-camp to the brigade commander. He went on to serve as a reconnaissance platoon leader in the 29th Infantry Brigade and from 1984 to 1988, served as a platoon leader and battery executive officer in the 298th Artillery Group (Nike-Hercules). General D'Araujo volunteered for active duty in May 1968, with the mobilization of the 29th Infantry Brigade, serving in several assignments prior to departing for South Vietnam where he served for nine months, first as Commander of Mobile Advisor Team 111-42, then later as S3 advisor for Advisory Team 44. General D'Araujo was released from active duty and returned to Hawaii where he served in various command and staff positions with the 29th Infantry Brigade. In 1978, he was promoted to Lieutenant Colonel and became commander of the Hawaii Army National Guard's Troop Command. Three years later, he attended and graduated from the U.S. Army War College and was promoted to Colonel. He then became U.S. Property and Fiscal Officer for Guam and later the senior Army National Guard Advisor to the Commanding General, U.S. Army Mobilization and Readiness Region III. In August 1983, he came to the National Guard Bureau and served consecutive assignments as Chief, Mobilization and Readiness Division and Chief, Organization and Training Division. He returned to Hawaii in May 1987, upon being appointed Assistant Adjutant General, Army, receiving a promotion to brigadier general in September 1987. He took command of the 29th Infantry Brigade in February 1988. In November 1990, General D'Araujo was selected to become the Deputy Director of the Army National Guard. In November 1992, he was appointed as the Director, Army National Guard. He was promoted to major general in May 1993.

(Current as of May 1993)

Copies of this biography may be obtained from NGB-GO, Washington, D.C., 20316-2506, or by calling DSN 225-3061 or commercial (703) 695-3061. The date of publication indicated on this biography reflects the date of its most recent printing. It does not necessarily reflect the most recent information on the individual.

His decorations include the Legion of Merit, the Bronze Star Medal, the Meritorious Service Medal with two oak leaf clusters, the Combat Infantryman Badge and the Army General Staff Badge.

The general is a member of the National Guard Associations of Hawaii and the United States and the Aircraft Owners and Pilots Association.

General D'Araujo is married to the former Eileen Garrett of Midland, Texas and resides in Fort Belvoir, VA. They have two daughters, Samantha and Cathleen.

PREFACE

The purpose of this statement is to describe the historical roles and missions of the Army National Guard, provide background data on how we arrived at our present organization, describe the Army National Guard as it currently exists, outline the goals of the Army Guard, and describe the initiatives, actions and requirements needed to reach these goals. This approach is a departure from Cold War posture statements which represented a fairly stable process. As the Nation moves through these historic times of transition, the National Guard believes it is important to take time to reflect on who we are and where we fit in the National Military Strategy.

FOREWORD

Army National Guard units rapidly deployed to the Persian Gulf in 1990 - 1991 to fight as an essential part of the Army. During Operation Desert Storm, 62,411 Army Guard soldiers were called to active duty. Over 99% reported for duty and 94% attained deployable status. The Army deployed 297 Guard units with 37,848 soldiers to the combat zone.

During the Los Angeles riots in 1992, Army and Air National Guard units under State control moved over 10,000 soldiers and airmen, equipment, and supplies by truck convoys and C-130 aircraft into Los Angeles from up to 650 miles away.

The first units in Los Angeles were military police companies from the 40th Infantry Division and the 49th Military Police Brigade. Imagine that you are Municipal Court Judge Ed Lee and you are awakened by a phone call at 3:45 a.m. You are told to assemble your Guard company and to immediately deploy to a city under siege from within. Captain Ed Lee and his company rapidly deployed by Air Guard C-130s. They were in action in Los Angeles 12 hours after he received the call and within 18 hours after the Governor decided to call up the Guard.

During the Los Angeles riots and later in Hurricanes Andrew, Iniki and Typhoon Omar, the National Guard quickly provided security and humanitarian support to communities in distress. Our partners in the active Army, Air Force, Marine Corps and Navy served beside us during these extraordinary disasters.

The National Guard has served community, state and nation for 356 years, from long before Lexington and Concord to the Gulf War. It is a joint force that has dual missions and dual capabilities for responding to international and domestic crises. The National Guard has served as a Federal military reserve in the first line of our Nation's defense since 1790.

Our role was established by the Constitution and confirmed by statute. The National Guard is a full partner in the Total Force, and is equally accessible for State and Federal missions.

The National Guard's Federal mission is to maintain properly trained and equipped units available for prompt mobilization for war, national emergency or as otherwise needed. Our State mission is to provide trained and disciplined forces for domestic emergencies or as otherwise required by state law.

The Guard force structure is balanced to support international and domestic requirements. At the Federal level, the Guard provides the decisive land and air power for major war and key combat, combat support and combat service support units for contingency operations. At the state and local level, the Guard provides added value to America through the domestic support capabilities embedded in its units.

THE ROLE OF THE GUARD

The basis of the Army National Guard remains as important today as it was over the past four centuries. The Guard serves dual roles, defending against foreign and domestic enemies. This gives the Army Guard its missions of performing Federal tasks, for national defense and for domestic emergencies, and of performing State tasks for local emergencies. The Framers of our Constitution wrote the Guard's dual roles into law. With the ever-present dangers of the world, the dual roles of the Guard remain critical to safeguarding our nation.

CHARTER OF THE GUARD

Our birth certificate, or charter, is the Constitution of the United States of America.

The Second Amendment:

A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.

Article 1, Section 8:

The Congress shall have the Power...

To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions;

To provide for organizing, arming, and disciplining, the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress.

Also under this Article, Congress has the power to raise an Army but for no more than two (2) years at a time. In the exercise of its power to raise an Army, Congress has defined the Army as consisting of the Regular Army, the Army National Guard of the United States, the Army National Guard while in the service of the United States, and the Army Reserve. 10 U.S.C. §3062(c).

The reference to the Army National Guard "of the" versus the Army National Guard "while in the service of the" does not describe two different organizations or a two-tiered National Guard. The distinction is one of status not mission or capability.

In defining the components of the Army, Congress has codified that the Army National Guard of the United States is the reserve component of the Army that consists of (1) federally recognized units and organizations of the Army National Guard and (2) members of the Army National Guard who are also Reserves of the Army. 10 U.S.C. §3077.

When the Army National Guard is in the service of the United States, it is a component of the Army. 10 U.S.C. §3078.

As a reserve component of the Army and a component of the Army while in service to the United States, the Guard looks to National policy in determining missions and ascertaining what capability must be maintained in addition to state roles. This policy is found at 10 U.S.C. §3062(a) which states in part:

It is the intent of Congress to provide an Army that is capable, in conjunction with the other armed forces, of (1) preserving the peace and security, and providing for the defense, of the United States, the Territories, Commonwealths, and possessions, and any areas occupied by the United States;

(2) supporting the national policies;

(3) implementing the national objectives; and

(4) overcoming any nations responsible for aggressive acts that imperil the peace and security of the United States.

Congress has made it clear that as a matter of policy and law, the National Guard is an integral part of the *first line defenses of the United States*. (See 32 U.S.C. §102)

NATIONAL GUARD GOALS FOR THE 90s

To ensure that the Guard is able to accomplish its assigned mission, the National Guard has adopted the following goals.

1. **READINESS.** Sustain a highly trained and ready force that meets all wartime operational, logistic, and personnel standards.
2. **EQUAL OPPORTUNITY.** Guarantee each man and woman, military and civilian, equal opportunity for entry and advancement in the National Guard in an environment free from discrimination, bias, and sexual harassment.
3. **HEALTH AND SAFETY.** Promote increased individual and unit commitment to health, fitness, and accident prevention.

4. ENVIRONMENT. Aggressively pursue a cleaner environment through identifying and correcting deficiencies and by developing environmental protection measures.

5. CIVIL EMERGENCIES. Provide a highly trained community-based capability that responds to the needs of civil authorities in natural and man-made disasters.

6. COUNTERDRUGS. Render maximum support to local, State, and Federal agencies to reduce the supply and demand for illegal drugs.

7. FAMILY SUPPORT. Champion programs that provide strong support for National Guard families in peace and war.

8. EMPLOYER SUPPORT. Foster a full partner relationship with the employers of our National Guard men and women.

9. COMMUNITY SUPPORT. Expand individual and unit involvement in programs that support our communities and tell the Guard story.

10. QUALITY GUARD. Institutionalize a quality culture that promotes continuous improvement through trust, teamwork, customer orientation, and effective management of resources.

NATIONAL GUARD PRIORITIES

To meet the National Guard Goals for the 90s and beyond the following initiatives, actions, and requirements are of the highest priority. Balance, pace, and affordability are key to the execution of these programs. They must be implemented as a balanced whole, therefore one cannot exclusively resource one and adversely decrement another.

FORCE STRUCTURE

The Army National Guard is undergoing dramatic change as the Total Army is restructured to execute National Military Strategy. Guard forces are affordable, capable, and available to the National Command Authorities and to the Governors of the states and territories. The force structure of the Army is currently under study and the following are the key planning factors.

Affordability. In balancing what we need with what we can afford, especially for the heavy divisions (armor and mechanized infantry), the National Guard is a very attractive choice. The average cost of sustaining Guard units before mobilization is 28-40 percent of the cost of maintaining active units.¹ These are long term cost estimates that include an annual average of the long-term replacement and other capital costs.

Capability for contingencies. The Guard must maintain a force structure consistent with the National Military Strategy. As the active Army is reduced in size, the Army leadership has recognized that to maintain a balanced force, the structure of the Guard should not be reduced below historic numbers. This is necessary to provide the reserve needed in the first line of defense. The Administration's proposal of 420,000 force structure is consistent with pre-WWII structure as presented in Chart 1.

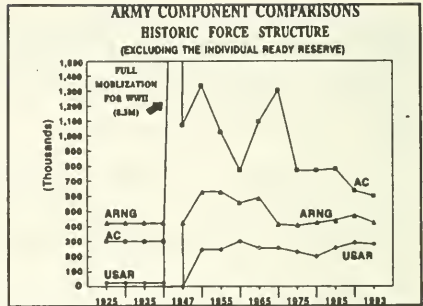


Chart 1. Guard structure remains consistent with pre-WWII structure.

During recent Federal missions, the Guard performed superbly. Operation Desert Storm demonstrated the Guard's ability to participate in major regional contingencies.

Sixty-three Colonel or Lieutenant Colonel level commands deployed to the Kuwait Theater of Operations as illustrated in Table 1. They deployed within the deployment window of a U.S. Army corps. XVIII Airborne and VII Corps deployed in 90 and 104 days respectively. Sealift and airlift were the primary constraints for deploying both Active and Guard units. The National Military

<u>Type Units</u>	<u>Mean</u>	<u>Median</u>	<u>Range</u>
2 - Field Artillery Brigades	55	55	55-56
10 - Combat Spt/Svc Spt Groups	25	22	15-56
11 - Hospitals (EVAC & MASH)	39	46	15-55
33 - Battalions (FA, EN, MP, CS, TC, QM)	33	27	14-71
7 - Rear Area Opns Ctr	34	43	14-65

Table 1 Days From Federalization to Deployment

Strategy requires earlier closure times for Army forces. As additional ships and aircraft are acquired, Guard units could be available earlier depending on supported CINC's requirements.

Two large combat formations demonstrated the full potential of the Guard. The 142nd Field Artillery Brigade from Arkansas and Oklahoma and the 196th Field Artillery Brigade from Tennessee and West Virginia performed superbly throughout the operation. Both brigades shipped their equipment to Saudi Arabia three weeks after arriving at the mobilization station and four weeks later the soldiers deployed by air before their equipment arrived.

The 142nd joined VII Corps (US). It provided general support/reinforcing fires for the 1st Infantry Division's breach operation, and then fired reinforcing missions for the British 1st Armoured Division. The 142nd and the British artillery engaged 108 Iraqi Republican Guard howitzers, destroying 100 in 24 hours with no friendly casualties or battle losses.

The 1st Battalion, 158th Artillery, Oklahoma ARNG, a Multiple Launch Rocket System (MLRS) unit, fired over 900 rockets in support of the British 1st Armoured Division's 4th Armoured Brigade. This was the highest rate of fire of any field artillery unit in support of VII Corps (US) and Third US Army operations. The Oklahoma cannoneers executed their first fire mission just 48 hours after arrival in theater.

This success was due to the high standards of the units and the coordination among the Army, National Guard Bureau, and the Adjutants General.

Capability for protracted warfare and large domestic emergencies. During this century the National Guard has fielded between eight and nineteen divisions in three protracted conflicts. In World War I, the National Guard supplied 18 combat divisions or about 40 percent of the entire American Expeditionary Force. In World War II, the National Guard brought into federal service more than 300,000 men in 19 combat divisions. The number of Guardsmen federalized doubled the strength of the active Army.

In the Korean War, eight combat divisions and 183,000 National Guard soldiers were called to active duty. In this regional conflict two Guard divisions deployed to Korea, two to Germany, and four provided a rotation and replacement base in the United States.

During the last 25 years Guard divisions and combat brigades have been called to duty by their Governors to provide critical support during domestic emergencies. The existing divisions and brigades of the Guard are invaluable in protracted conflict as well as during state and national emergencies.

END STRENGTH

End strength relates to force structure. All too often, the two are lumped together leading to unintended results. Without taking the analogy too far, force structure can be related to a factory. The factory includes the building, the land, the capital improvements needed to run the factory. End strength is the number of people needed to actually run the factory. End strength numbers represent the number of people you may hire and pay during any given budget year. While related to force structure authorizations, it is not necessary that end strength match force structure in the Guard. The President's Budget contains an end strength of 410,000 for FY94. This will ensure that the Guard will be a robust force.

Keeping in mind that units must be viable and not "hollow", the cutting of units is the last option for the Guard for several reasons. The length of time it takes to "grow" a new unit and the new capital investment needed when units are built from scratch must be considered. Unlike the active Army which uses central personnel assignments, the Guard, which is a community based force, recruits within a reasonable distance of the armory. The active commander turns to the Army's personnel system for replacements, but the Guard commander must recruit soldiers "as is, where is". Because of this limitation, the Guard cannot afford to lose its soldiers' years of experience in any given unit by closing too early. Simply put, you do not have to close the factory just because you can only man it at 95 to 97% due to an economic downturn. This, too, is a question of balance and affordability.

The priority of personnel fill for units is based on the deployment schedules so that early deploying units will be fully ready to deploy immediately. The plan is for later deploying units to be filled out with individual replacements in plenty of time to meet their wartime mission. This plan is less expensive than having all units manned at 100% or more.

READINESS

On August 7, 1990, the President ordered American troops to Southwest Asia. The next day the lead element of the Third U.S. Army Mobile Communications Unit deployed from the South Carolina Army National Guard. This was possible because of the unit's high standards of readiness and streamlined procedures which enables the deployment of these Guard soldiers anywhere in the world, at any time, to support any contingency. We are building on the success of this operation.

The Army National Guard established Project Standard Bearer (PSB) on November 1, 1991 with the primary charter and focus of developing, coordinating and institutionalizing policy and programs

to ensure the Guard is ready to be a full partner with the active Army during the contingency era.

Project Standard Bearer is enhancing the readiness and capability of our Roundup and Roundout Brigades and Contingency Force Pool (CFP) units, which are our highest priority units. This program will achieve and sustain fully manned and totally equipped CFP units prior to the end of FY93. All Roundout and Roundup Brigades, with the exception of one brigade undergoing modernization, meet deployment standards.

The accessibility of these high priority units is enhanced by the following programs.

Operational Unit Program.

The 38 earliest deploying Guard units in the Contingency Force Pool are available for deployment, in a volunteer federal status,

within 7 days of an alert. The Operational Unit program is not contingent on Title 10, 673b Presidential Selected Reserve Call-up authority. This program's goal is to provide high priority Guard units capable and available for short notice contingencies.

Humanitarian Support Unit Program. The program will provide volunteer Guard units to support worldwide humanitarian missions on a 72 hour notice for up to 45 day rotations. Twenty-seven states and territories have nominated 89 units to participate.

Overall the Army National Guard resource and training levels have improved by 19 percent since October 1985 due primarily to a 31 percent increase in equipment on hand. During this same period, available personnel increased by 5 percent. By the end of FY92, resources and training levels in the Army Guard returned to pre-Operation Desert Storm levels. Increases of 7 percent in equipment on hand and 10 percent in equipment readiness are attributed to equipment that returned to operational status from Southwest Asia.

Mobilization readiness. Our activity level has subsided only slightly since our extensive efforts in support of Operation Desert Storm. Training and mobilization preparedness continue as a major

ARMY GUARD READINESS

- o Improved 19% since 1985
- o Deployable unit status is at the highest level in history*
 - oo 31% increase in equipment on hand
 - oo 5% increase in available personnel
 - oo 1% increase in Training
 - oo 1% decrease in MOSQ
 - oo CFP/Roundout/Roundup improved 11% since JUL 92

*1796 Reporting Units

Table 2 Readiness

objective for the Army Guard. We are guided by the experience of mobilizing 62,411 soldiers for the Gulf War. Training for and evaluation of mobilization preparedness are essential for improving unit and State Area Command (STARC) capabilities to execute mobilization and deployment responsibilities.

Army Guard units participated in numerous overseas deployment for training exercises in FY92 to include TEAM SPIRIT, ULCHI FOCUS LENS, KEEN EDGE/YAMA SAKURA, COBRA GOLD, USARPAC ENRETE/MEDRETES (PACIFIC), REFORGER, NORTHERN VIKING, TRADEWINDS, CRESTED EAGLE and various Special Operations exercises. Additionally, our units participated in CONUS based exercises including WAR FIGHTER, LOGEX, GOLDEN CARGO, CASCADE PEAK, CASCADE PINE, OPTIMAL FOCUS. In each instance, Guard units demonstrated they can successfully perform required mobilization activities within a time frame which has the potential for reducing theater arrival dates. Continued participation in these types of exercises reinforce and enhance Army Guard unit capability to mobilize and deploy.

During the second quarter of FY92, several STARC headquarters and 22 selected Army Guard units participated in the Headquarters, Department of the Army mobilization exercise OPTIMAL FOCUS 92. This was a mobilization exercise designed to evaluate a high priority unit's ability to assemble, load equipment, and depart for a mobilization station within seventy two (72) hours of notification. Lessons learned in the exercise are being applied throughout the mobilization community and will be tested in future JCS/DA directed mobilization exercises such as, OPTIMAL FOCUS, PRIME DIRECTIVE, and CALL FORWARD.

Army Guard units participated in more than 912 local mobilization exercises conducted by state headquarters throughout the United States. These exercises (Mobilization and Deployment Readiness Exercises (MODRE), Readiness for Mobilization Exercises (REMOBE), and State Area Command Exercises (STARCEX)) are each specifically designed to enhance Army Guard unit and individual preparedness for mobilization and deployment.

This year has brought a number of changes to mobilization planning and doctrine. Based on the lessons learned from Operation DESERT SHIELD and DESERT STORM, mobilization doctrine has been developed to enhance the mobilization of Reserve Component Forces. The National Guard Bureau has been proactive in working with the Training and Doctrine Command in institutionalizing the Desert Shield experience in consonance with reduced force structure and reordered defense priorities. The Army Guard is committed to meeting the next challenge with policies and systems that enhance our ability to respond when called upon.

FULL-TIME PERSONNEL

Our Full-Time Support (FTS) program is facing the greatest challenge of its history. Chartered by Congress to organize, administer, recruit, instruct, train, and maintain the Army National Guard, this full-time force for FY93 of 27,084 military technicians, 24,686 Active-Guard Reserve (AGR) and 449 Department of the Army (DA) civilian personnel fills two-thirds of our validated, full-time requirements.

The Army Guard is being challenged to assume responsibility for more missions while Full-Time Support faces reductions. Our units have been deployed on more operations in a greater variety of geographical areas in the past 36 months than at any other time in history. During this same period, FTS has been reduced by 2,950 personnel, approximately 5.7% of our current force. The real effect has been much greater because of additional missions assigned to the Army Guard, largely as a result of the draw down of the active Army. Chart 2 shows that at the same time our military technician authorizations were decreasing, technician requirements increased by 4,469.

Full-Time Support requirements are determined by detailed analysis of the workload of each unit in the Army National Guard. The number, type, and grade of the required personnel are determined by classification studies on the number of work-years needed to support Guard units and personnel in administration, supply, training support, recruiting, maintenance and readiness management. The authorization and assignment levels of Full-Time Support personnel are established by the National Guard Bureau based on a unit's deployment priority. For example the National Guard Bureau is significantly increasing the number of full-time personnel to support early deploying Contingency Force Pool (CFP) and Roundout/up units.

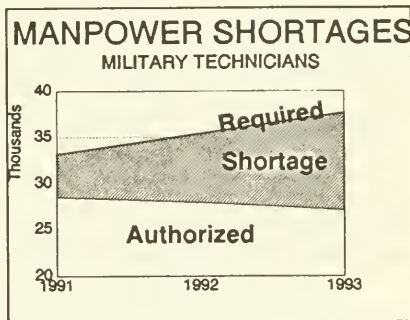


Chart 2 Full-Time Support Shortage

The Guard has experienced additional workload requirements in order to maintain complex, modern equipment such as the Apache helicopter, and Patriot and Hawk air defense systems. Guard units can maintain these systems at a significant cost savings to the Total Army but they do require significantly more full time support than modernized infantry, armor, and engineer units. To remain a capable and efficient force requires that the Guard be equipped

with the same modern equipment as the active Army. Chart 3 shows the variance of full-time support Guard units require with state of the art equipment.

The assignment of active Army soldiers to high priority Guard combat units is a welcome addition to existing full time support. These soldiers enhance unit readiness by providing expertise in the planning and execution of all levels of training. Because of their recent active duty experience in similar types of units, they are also daily sources of coaching and mentoring of Guard soldiers and leaders.

In addition to performing our traditional federal and state missions, the Army Guard has been tasked to place unit members on active duty with their unit's senior Army headquarters to plan, prepare and participate in major training exercises and deployments. The Army is considering tasking the Guard to provide Operational Support Airlift fleet management for the Total Army, train additional active duty soldiers at Guard operated schools, and operate some active Army installations for the Army Reserve Component training programs.

Congress has also authorized and funded an increasing number of Full-Time Support and M-Day personnel to work with local and national law enforcement agencies in the war on drugs.

Currently, AGR requirements are filled at 61% of requirements. The National Guard Bureau is increasing full-time support to our high priority units. The support to these high priority units coupled with the increased AGR requirements because of new missions requires major reallocation of resources within the system. The Full-Time Support contained in the Presidential Budget is critical to the readiness and capability of the Army National Guard.

RESTRUCTURING THE GUARD FOR THE 21ST CENTURY

The Guard is restructuring its units to conform to the Army's warfighting doctrine. Among the many changes will be a reduction of two (2) divisions during Fiscal Year 1993. Three standard infantry divisions are now converting to heavy divisions. This is significant because these divisions are the most expensive to keep in an active status, yet the hardest to grow from scratch. This

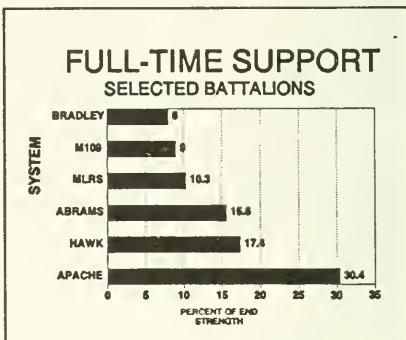


Chart 3

conversion will ensure the Nation has a creditable, in depth reserve to handle any mission. A well trained force of heavy divisions gives real meaning to the term "power projection", provided we have sufficient strategic lift capability.

The pace of restructuring is crucial to being able to maintain viable units as we go through this process. When dealing with a community based force, units cannot be swapped, relocated, or reflagged with the ease the active Army enjoys. Even the rumors of abolishing a unit may destroy the unit in a very short order. The Guard can move with a rapid pace but it must be steady. Too many false starts in the development of the total mix of forces could have a negative impact on the Guard for many years. Congress recognized this phenomenon by affording some protection to the states when it enacted §104(c) of Title 32, which states in part, "However, no change in the branch, organization, or allotment of a unit located entirely within a State may be made without the approval of its governor."

MODERNIZATION OF EQUIPMENT

Modernization, as used here, refers to the type or series of equipment and should not be confused with conversion of units. An example of conversion is a military police unit becoming a transportation unit. Modernization is updating or refitting the unit's equipment to the standard level of technology used by the active Army, such as replacing the M113 Armored Personnel Carriers with the Bradley Infantry Fighting Vehicle or the improved M113A3.

As we grow smaller, modernization becomes imperative. During FY92 we received additional Abrams Tanks, Bradley Infantry Fighting Vehicles, Fire Support Team Vehicles, Night Vision Goggles, SINCGARS Radios, Tactical High Frequency Radios, HAWK Missile Systems, Multiple Launch Rocket Systems, Mobile Kitchen Trailers, and upgrades of M109 Howitzers to the A5 configuration.

EQUIPMENT REDISTRIBUTION

Due to equipment deliveries to the Guard, our equipment on hand readiness status has greatly improved. The Guard does have shortages in essential systems. Examples of these shortages are secure tactical communications; Multiple Launch Rocket Systems; Bradley Fighting Vehicles; tactical medium and heavy trucks; test, measurement and diagnostic equipment; and chemical protective clothing and equipment.

There are equipment shortages for both conversion and modernization programs. Many of these shortages have been filled or will be filled by equipment made available from down sizing the active Army. It is essential that we continue to receive the most

modern equipment available, but receipt of the equipment was not programmed for this year. Additional maintenance technicians, transportation, operating tempo (OPTEMPO), storage, new/displaced equipment training (NET/DET), and special tools/test equipment will have to be provided from existing resources. While this may be painful at times, we have assumed the mission in the near term to facilitate the transfers.

Last year, the Guard established and operated ten sites for repairing wheeled vehicles returned from Southwest Asia. By the end of this year, the Guard will have returned over 6,000 vehicles to service and conserved Army resources while improving the equipment on-hand and modernization status of over 790 Guard units.

Another area of success for the Total Army is the National Guard's program to repair equipment being returned from other overseas locations. Although quantities are not final, we anticipate a multi-year mission which will return over 11,000 pieces of equipment to acceptable standards for issue to the Total Army.

TITLE XI IMPLEMENTATION

To ensure the Guard continues to improve its readiness, Congress enacted the National Guard Combat Readiness Reform Act of 1992, Title XI. This legislation mandates that the Army National Guard improve its readiness through greater interface with the active Army and revised standards of readiness. Title XI is both challenging and necessary for the Guard to improve readiness.

The National Guard Bureau is working closely with the Army Staff and Forces Command to implement the provisions of Title XI. The following sections require a significant change in the way the Army and Guard have managed personnel in the past.

The Section 1111 objective to achieve a higher percentage of prior service active duty (65% officer and 50% enlisted) by September 30, 1997 requires new programs and accession policies. The National Guard Bureau has proposed the creation of a Total Army Integration Account for Army Guard soldiers who go on active duty to gain experience and simultaneously support active Army requirements. An example of this is a two year active duty tour for Army Guard lieutenants upon completion of officer candidate school or the Reserve Officer Training Corps program. The entire proposal, while still under consideration by the Army, has an estimated cost of \$50-100 million.

Provisions for medical and dental readiness standards will greatly enhance overall deployability of Army Guard soldiers. Every soldier over age 40 will receive a complete physical examination every two years (twice as often as currently required).

Every soldier will receive medical and dental screening to identify potential problem areas. The Guard is examining options and costs for providing corrective care and is working closely with the Office of the Army Surgeon General to develop a plan. Any proposal, if approved, has a cost estimated to be around \$60 million.

QUALITY PERSONNEL

The Army Guard is tasked with the challenge of bringing down its end strength while increasing the quality of the force and maintaining the highest levels of readiness. We are committed to the successful accomplishment of this mission. Our challenge is to successfully compete with the other services as we face a smaller pool of individuals eligible for enlistment. This requires positive steps to recruit additional women and continued emphasis in retaining quality soldiers. Making these challenges even greater are the dwindling resources available to man and train the force.

Improving the quality of our soldiers also enhances our readiness. Of the 69,000 accessions into the Guard last year, 40,000 were from active duty or had prior service experience. The proportion of our recruits who are high school diploma graduates has increased. Goals have been established to significantly increase the test category and civilian education level of non prior service accessions. The goal of 98% in the top three test categories has been established. Currently we are recruiting at 97.5%.

We have established a goal of 94% high school diploma graduates. Even though our current rate of 86.2% is below our objective, when added to the alternate credential holders (GED) our total high school graduate accession rate is 99.9%. We are also increasing quality by intensifying our efforts to recruit fully qualified prior service soldiers, with emphasis on enlisting soldiers immediately upon leaving an active component.

OPERATIONS AND MAINTENANCE

Historically, Congress has provided sufficient operations and maintenance funding to the National Guard. Last year, Congress saw the need to increase end strength and funding from the Base Force budget levels. The Administration's budget proposal this year has a unified Army position for end strength totalling 410,000 for the Army National Guard. The budget includes funding for the payroll costs associated with this end strength.

Operation and maintenance funding is a critical element of the budget. It is necessary to maintain readiness, absorb force

modernization initiatives, and provide logistical repair support. The full funding of operational and maintenance funds is especially important because of the increased cost of repair parts and upgrade of systems and equipment.

Last year Congress appropriated \$15 million for training enhancements. These funds increased our integration with the active Army through Resident Training Detachments, Operational Readiness Evaluations, and other initiatives. We found that these initiatives have a positive effect on readiness.

As our nation also looks inward at domestic needs, the Guard stands ready to continue its efforts in working with our youth and providing medical care to the nations underserved. These programs add value to America and strengthen our nation.

TRAINING

The Guard develops and executes some of the most dynamic training programs available. All eight of our combat divisions are involved in the active Army's Battle Command Training Program, a three year staff training strategy that rotates through Warfighter Exercises at the Army National Guard Leadership Development Center at Fort Leavenworth, KS.

Roundout and Roundup Brigades will annually attend the Battle Command and Battle Staff Training program at Fort Leavenworth, with all other maneuver brigades participating every three years. In Training Year 93, five battalion task force size units will serve as opposing forces against the active component units at the National Training Center (NTC) at Fort Irwin, California.

Eleven brigade staffs will participate in the Forces Command Leader Training Program at the NTC; one brigade will participate in the Leader Training Program at the Joint Readiness Training Center (JRTC). Annually, the Guard will send a brigade through the normal JRTC rotation, and in 1995 we will begin brigade rotations through the National Training Center.

In 1993, 25,000 Guard soldiers will train overseas. The Guard participates in exercises, provides mission support to the OCONUS Theaters, and provides units in support of the Regional Commander-in-Chiefs' strategies for Nation Assistance. We will process, deploy, and train units in over 30 countries during 1993.

The Guard Leader Development Center, also at Fort Leavenworth, is equipped with modern simulation hardware and is linked with the National Simulation Center. The Center has a Standard Command Post located within the 35th Infantry Division Headquarters Armory. This Center will provide support for collective command group and staff training for Guard Divisions and Maneuver Brigades.

The Guard is currently working on an Armor Crew Training Strategy to enhance readiness of our Armor and Mechanized Infantry units. This collaborative effort by the Guard and Training and Doctrine Command's Armor and Infantry Training Centers will combine schoolhouse and field experience to develop a viable training program to meet the Guard environment and provide ready units.

COUNTERDRUG OPERATIONS

Counterdrug support operations continue to increase for the Army National Guard. So far during FY93, Army Guard soldiers have participated in 2,335 operations in all 50 states, the District of Columbia and territories. Typical missions are marijuana eradication, border and customs checks, ground and aviation surveillance and reconnaissance, data processing and training for law enforcement agencies. Guard soldiers provide valuable support for Federal, state and local authorities in the war against drugs.

MILITARY SUPPORT TO CIVIL AUTHORITIES

During the past year the Army National Guard continued its long tradition of immediate response to domestic emergencies. In 51 of our 54 states and territories, Guard soldiers performed 322 emergency missions during fiscal year 1992. These missions included four civil disturbances, 206 domestic emergencies and 112 natural disasters. Overall, the services of 27,782 Air and Army Guardsmen, some 375,000 workdays, were required to meet these challenges. Whether providing shelter to the victims of Hurricane Iniki, or holding the line against flash floods in Puerto Rico, the Army Guard turned each of these challenges into an unqualified success.

A recent case study of Guard capabilities was the recent unrest in Los Angeles. The wave of violence and rioting left 58 dead, 2383 injured and 5383 separate fires burning. When the extent of the violence became apparent, a "cold start" Guard mobilization was ordered by the Governor. With little or no advance notice, nearly 2,000 Guardsmen reported to their armories within six hours. Within 48 hours, over 6,000 Guardsmen were on the streets of Los Angeles. Another 4,000 were nearby and a curfew was in full force. Crime had plummeted nearly 70%.

A similar success story can be found following the 140 mile per hour winds of Hurricane Andrew, which hit the southern third of Florida on August 24, 1992. The storm blasted a path of destruction that left 230,000 homeless, 85,000 homes destroyed and over 22 billion dollars in total property damage.

The National Guard responded before the storm struck: by noon of the previous day, 1,500 Guardsmen were mobilized. By 10:00 a.m. on the day of the Hurricane, Guard soldiers were on the streets of

Miami conducting stationary and roving security patrols. By August 25th, Guard strength had grown to 4,000 and humanitarian relief began to be administered to the beleaguered community. Relief included medical support, debris removal and the construction of temporary housing for the many homeless.

When Federal assistance arrived, the Guard transferred many humanitarian functions to Task Force Andrew in order to concentrate on law enforcement functions. This law enforcement support, performed without the constraints of the Posse Comitatus Act, was hailed as one of the biggest successes of the Hurricane Andrew mission. In all, over 6,000 Guardsmen participated in the Hurricane Andrew Relief Operation, nearly 20% of all forces eventually deployed.

The success of these relief operations, coupled with our previous successes in Operation Desert Shield, demonstrated the capability of the Army National Guard's combat units. In his after action report of Hurricane Andrew, General Gordon R. Sullivan, U.S. Army Chief of Staff noted "...the recent operations in Florida demonstrated that our combat units possess enormous adaptive capability - fueled by a doctrine emphasizing flexibility, versatility, efficiency, decisiveness and creativity-as well as the necessary equipment and supplies, to conduct disaster relief operations".²

Beyond the advantage of having combat structure in the Guard for our warfighting mission, the Guard has long realized that combat units are ideally suited for domestic disaster relief missions.



"...combat units possess enormous adaptive capability...to conduct disaster relief operations".

GEN Gordon R. Sullivan, Chief of Staff, Army

THE TOTAL ARMY

For the Army National Guard to reach its maximum potential, it needs the active Army. The active Army sets the standards, allocates the resources, and monitors the readiness of the Total Army.

Its guidance and commitment are the only way to attain a well equipped and properly trained militia. There are numerous Army programs underway to improve the Total Army. One program is BOLD SHIFT, an Army action plan with initiatives to increase overall readiness in Guard units. BOLD SHIFT stresses the lessons learned from Operation Desert Storm.

The Army's professional education standards are now standard throughout the Total Army. Primary Leadership Training, the Basic Non-commissioned Officer Courses, and Officer Basic and Advance Courses are necessary for every soldier to advance. The Guard's Regional NCO Academies play a significant role in the Army's training system. Guard schools augment the Army's resources to provide training opportunities for all soldiers.

Massive force reductions confront the Total Army. A smaller active Army demands close integration between the Guard and the Army Reserve. Inactivation of units demands meticulous attention to ensure sufficient Guard force structure remains to accomplish both Federal and State missions. The National Guard Bureau and the Army are closely reviewing the draw-down.

All Army Guard soldiers must be proficient in Federal and State requirements. There is no substitute for individual readiness and the sacrifices that have to be made to achieve this. The Army Guard is committed and ready to maintain its ability to handle both national and local emergencies.

The Total Force is a reality. This is not a monolithic military agency, but is a single force made up of more than one component with a common purpose - defense of the Nation. We are stronger than the sum of our individual parts because we bring all America to the table of National Military Strategy.

The active Army must rely on highly institutionalized procedures and repeated practice to ensure the system works immediately. This is no mean feat in light of the high percentage of troops and officers who are new to any unit on a given day. The Guard must follow a different path to arrive at the same point as the Regular component. The Guard uses the same procedures but must compensate for lack of repeated practice by taking advantage of its inherent stability and the relationships it is able to build with its people. We are able to rely on relationships and knowledge of the capability of our soldiers.

One soldier and scholar states that the active Army should be viewed as that which is ready to go and which establishes the standards. The Army National Guard is proud units; cohesive, patriotic and ready to serve locality, state and nation.³

THE FUTURE OF THE GUARD

Change in the world political environment provides our Nation with an opportunity to develop a mixture of military forces to meet future needs at an affordable cost. The Army Guard's role remains an important part of the equation.

For Federal and State actions, the Army Guard must have a readiness level that ensures success in both missions. Our domestic capabilities are embedded in our combat, combat support and combat service support units. With the resources provided by Congress, the assistance given by the active Army, and the support of our communities, the Army National Guard will continue to be an integral part of the first line of defense.

The National Guard is capable, available, and affordable. We can provide the right amount of combat forces at the right time, the right place and the right price.

ENDNOTES

1. *Total Force Policy Report to Congress*, Department of Defense December 1990.
2. Gen. Gordon R. Sullivan, U.S. Army Chief of Staff, *HURRICANE ANDREW: An After-Action Report*, Army Mag., January 1993, p.16-22.
3. Lt. Gen. Frederic J. Brown, USA (Ret.), *The US Army in Transition II*, p. 64.

[CLERK'S NOTE.—Because of time constraints, the Committee was adjourned early and questions were submitted for the record. Questions submitted by Mr. Dicks and the answers thereto follow:]

TORT CLAIM COVERAGE

Question. Last year, one of the programs the Congress recommended for the National Guard was to participate in community involvement actions, specifically the Youth Conservation Corps (YCC). It was envisioned as a program where high school drop outs who are basically drug and crime free are exposed to positive camp-type environments at Guard facilities. There has been real concern that the question of duty status and tort liability has not been clearly resolved. While the Defense Appropriations Bill clearly allows the Guard service to be on the actual training basis, DOD counsel has determined that the YCC instructors will be on state active duty, with no protection under the Federal Tort Claims Act. Why are the Guard soldiers not given Federal Tort Claims Act protection while they participate in these programs that are federally funded in furtherance of national policy objectives?

NGB answer. The duty status of participating members of the National Guard and the related issue of whether Federal Tort Claims Act protection applies to them differ for the various new programs involving the National Guard in community actions, based on differences in the authorizing legislation. Your question principally relates to the Youth Conservation Corps (YCC) program. The Defense Appropriations Act for Fiscal Year 1993 (P.L. 102-396) appropriate funds for YCC initiatives in several states, but does not provide the necessary statutory authorization for the Department of Defense to provide funds to the states for these programs. Section 1091 of the Defense Authorization Act for Fiscal Year 1993 (P.L. 102-484) provides the necessary statutory authority. That section authorizes only O&M funds for the program, and the Appropriations Act appropriates only O&M funds. It thus appears that only civilian personnel hired or contracted by the states may be used to carry out the program in Fiscal Year 1993. Such civilian personnel, even when paid by the state out of Federal Funds provided to the state, are not entitled to the protection of the Federal Tort Claims Act.

The general rule is that state personnel or activities supported with Federal funds are not thereby covered under the Federal Tort Claims Act. This is true of the overwhelming majority of state programs that are federally funded in furtherance of national policy objectives, including welfare, health, transportation, and education programs of civilian agencies. National Guard personnel carrying out state emergency missions for which FEMA reimburses the state, for instance, are not covered under the FTCA. The 1981 expansion of FTCA coverage to members of the National Guard engaged in federally funded training or administration of the National Guard as required by title 32, United States Code, is limited to circumstances involving Federal reserve component functions related to national defense activities. It does not apply simply based on the provision of Federal financial assistance in support of state activities.

DOD counsel has determined that National Guard personnel providing medical services to medically underserved communities with Federal funding under the authority of section 376 of P.L. 102-484 must be on state activity duty, with no protection under the FTCA. They have not made such a determination in the case of the YCC, which as discussed previously is governed by section 1091 of that Act. The determination with respect to section 376 was based on the language of that section authorizing the Department to provide funds to a state for such activities. The Department does not provide funds to a state for pay and allowances for National Guard personnel performing duty under title 32, U.S. Code, but makes direct Federal payments to these members.

AVIATION RESTRUCTURE INITIATIVE

Question. There was a four year plan for the National Guard to convert Washington's Cobra helicopters to the Apache. The National Guard, informed by an Army memorandum in March, told the Camp Murray officials that the conversion plans for Washington, Montana, Arkansas and California were "suspended because of Foreign Military Sales".

I believe this questions the Congressional intent of increased reliance on the Guard and Reserve and the cost effectiveness value of maintaining combat forces in the Guard with modern equipment. I understand that the size of Apache Battalions has increased from 18 to 24 helicopters. But, I am afraid that this increase, coupled with the foreign sales has cancelled the conversion for the Guard, and this will cause our own Guard and Reserves to have less sophisticated weapons than what is being provided to our allies.

Can you explain this decision and the repercussions it will have on the Guard?

ARNG answer. The Aviation Restructure Initiative (ARI) increases the number of attack aircraft in the AH-64 Apache attack battalions from 18 to 24 while eliminating Aeroscout and Utility aircraft. As a bill payer for this increase, the Department of the Army (DA) issued a memorandum to the National Guard in March of 1993 canceling the conversions of the last four National Guard AH-1 Cobra attack battalions to AH-64s. This decision will preclude the National Guard from implementing its programmed conversions of AH-1 attack battalions in Arkansas, Washington, Montana and Missouri. These battalions are now subject to inactivation from the loss of four AH-1 battalions from the National Guard due to the new Department of the Army approved ARI concept plan. Of particular concern is the possible elimination of the 1-168th Attack Battalion in Washington State, which has 20 years of attack helicopter experience.

CLOSE AIR SUPPORT

Question. The Air Force is responsible for providing Close Air Support (CAS) to the Army. The Army routinely requests the Air Force CAS to support field training of the active Army. But, as I understand, most Army National Guard and Reserve combat units do not have comparable training support, if in fact ever train with

CAS at all. Is the Close Air Support a suitable mission for the Air National Guard?

ANG answer. Yes. Historically a large portion of the Air Force's CAS assets has been in the Air Reserve Component (ARC). The Air Force fills Army CAS requests by tasking both Active and ARC squadrons and remains dedicated to supporting whatever Army unit, Active, Guard or Reserve, that needs and requests CAS.

Question. Can this be maintained at a lower cost in the Guard, as opposed to the active Air Force?

ANG answer. Because the Guard has part time manning and a lower operating tempo, an equal number of aircraft has a lower annual cost. The lower cost provided by part time manning and lower operating tempo, however, means longer periods of time between training events for most Guard members which translates into an increased response time for a Guard unit to attain the individual proficiency found in an Active unit day to day. It is critical to keep the proper mix of capabilities, including CAS, in both the Active and ARC to ensure crisis response capability and still minimize cost.

[CLERK'S NOTE.—End of questions submitted by Mr. Dicks. Questions submitted by Mr. Young and the answers thereto follow:]

DRUG INTERDICTION

Question. General Conaway, we very much appreciate the leadership you and the Guard have given to the battle against illegal narcotics, especially those flowing into the nation. Interdiction of those is a difficult assignment and to be effective, the nation has learned it requires the use of Defense assets—if State and local law enforcement is to have any real success in controlling, if not stopping, the flow of illegal drugs.

I understand a key tool in this effort has been the use of "multi-jurisdictional task forces". I am pleased that the Guard has improved efforts to train Federal personnel in interagency cooperation within the Federal Government.

What has been the Guard's experience in dealing with State and local officials in the this context? Do they appreciate the opportunities for enhanced interdiction efforts by using these multijurisdictional task forces?

Does the Guard have adequate resources to educate these state and local authorities and to train with them for more effective task force operations?

NGB answer. The National Guard Bureau is very aware of the continued need to assist federal, state, and local law enforcement in support efforts which often cross jurisdictional lines. Improved and sophisticated actions by illegal drug traffickers require coordinated efforts between all levels of law enforcement and the National Guard.

To ensure coordinated efforts are well planned and efficiently executed, the National Guard Bureau Counterdrug Task Force is proactive in providing training resources. Bringing together law enforcement officers and military personnel in a training environment to provide interoperability training is the major mission of the National Interagency Counterdrug Institute (NICI).

In addition to NICI, two Congressionally mandated training activities: the Gulf States Counterdrug Initiative (GSCI) Regional Counterdrug Training Academy (RCTA), and the Multi-Jurisdictional Task Force Training Facility (MJTFTF) are examples of on-going training support to law enforcement.

The response from law enforcement officers who have attended the courses provided by NICI and RCTA (in the form of student critique/surveys) overwhelmingly indicates our support efforts are appreciated, worthwhile, responsive and are professionally planned and executed. I have no doubt the MJTFTF will provide the same quality of training and result in the same laudatory comments given to NICI and the RCTA.

I would also like to comment that in addition to the above training support provided by the National Guard Bureau, we continue to provide other facilities, equipment (to include surveillance and communications), and personnel consistent with the sixteen DoD approved missions for National Guard Counterdrug Support to law enforcement agencies. As multi-jurisdictional and multi-agency operations evolve and grow, we provide the very best support possible in the environment of constrained resources.

HUEY II UPGRADE

Question. General Killey, I understand that the active Army has replaced all its UH-1's with Blackhawk, but that the Air National Guard is still flying Huey's. A few weeks ago I was briefed on a HUEY II upgrade program. Could you comment on whether the Air National Guard considers the HUEY II upgrade an acceptable solution to your utility shortfall?

ANG answer. The Air National Guard does not have Huey helicopters. The Army National Guard should address this issue.

[CLERK'S NOTE.—End of questions submitted by Mr. Young. Questions submitted by Mr. Livingston and the answers thereto follow.]

ALE-40/ALE-45 CHAFF/FLARE DISPENSER

Question. What is the exact status of the ALE-45 installation?

ANG answer. Installation of the first production ALE-45 chaff/flare dispenser kit on an F-15 A/B has started at the 154CG in Hawaii. There are currently six additional ALE-45 kits in place in Hawaii awaiting installation.

Question. The last information provided to my office indicated that the installation of ALE-45 kits for the Hawaii squadron was slated to begin in March. Has this schedule been met? If not, why not? When will it be met?

ANG answer. The tooling kit for installation was sent to Hawaii at the beginning of March. The first modification kit was air shipped to Hawaii the second week of March. The installation team is a contract team. Because of some contracting complications the team was not under actual contract until the third week of April. The Team arrived in Hawaii the end of April and has started work on the first aircraft.

Question. What is the current schedule for installation of ALE-45 kits in other squadrons?

ANG answer. The installation schedule is primarily driven by the number of aircraft each squadron can put into work at a time and still maintain combat status. Based on this limitation, and the higher number of production kits available per month, the installation can be done at three or four units concurrently. The modification installation is expected to be complete on the Hawaii unit's aircraft by March of 1994. The Georgia unit starts in July 1993 and is expected to be complete by September 1994. The Louisiana unit starts modification in FY 94/1 and is forecast to be completed in FY 95/1. The Missouri unit starts FY 94/2 and is complete FY 95/2. The Oregon and Massachusetts units are scheduled to start FY 94/3 and be finished by FY 95/3.

Question. Does the Guard intend to provide certification to the committee regarding this issue?

ANG answer. The Guard has provided certification to the committee through the Chief of The National Guard Bureau.

Question. What is the status of the \$1.2 million provided for ALE-40?

ANG answer. The \$1.2 million provided for ALE-40 in the FY 93 Guard and Reserve equipment account has not been used and is still in the account.

Question. Has this funding been used for any other programs? If so, for what? Why?

ANG answer. The \$1.2 million provided for ALE-40 in the FY 93 Guard and Reserve equipment account has not been used at all. The full amount is still in the account.

[CLERK'S NOTE.—End of questions submitted by Mr. Livingston. Committee questions submitted for the record and the answers thereto follow:]

GUARD FORCE STRUCTURE

Question. In the fiscal year 1994 budget, the end strength for the Guard and Reserve forces is an increase of 79,600 above the level of the Bush Base Force plan proposed for fiscal year 1994. The Secretary of Defense adjusted the Reserve Components at a rate that would be acceptable to Congress.

With the given end strengths budgeted in fiscal year 1994, does this provide for a reasonable level of forces to meet the force structure requirements of your component?

ARNG answer. Historically, the Army National Guard force structure allowance has been greater than paid end strength. In keeping with this historic service policy, a 420,000 Army National Guard force structure allowance in fiscal year 1994 would be appropriate to support the evolving National Military Strategy, as well as perform the state and domestic missions.

The end strength budgeted for FY94 does indeed support the associated force structure. End strength requirements are driven by specific missions, equipment, and force structure assigned to the Air National Guard. Aircraft and missions are being reduced in FY94 and therefore coincident end strength will also be reduced.

Question. Do you anticipate that the "Bottom-up Review", which will be completed this summer, to substantially reduce the force structure levels for the outyears?

ARNG answer. It is premature at this time to anticipate the results of the Bottom-up Review. As the Bottom-up Review assesses the force structure required by the United States Army to support our National Military Strategy. I am confident the force structure level of the Army National Guard for the out years will be great enough to meet the war fighting needs of the country as well as the domestic mission.

ANG answer. Since the Bottom-up Review is still in progress, it would not be appropriate for me to speculate on force structure levels in the outyears. However, additional force structure adjustments may be appropriate as the total Air Force adjusts to the changing military threat.

Question. Does the President's Budget provide sufficient funding for the end strengths proposed? If not, what additional funding is required?

ARNG answer. The President's Budget provides sufficient funds to cover the pay and allowances for an end strength of 410,000; however, significant shortfalls exist in Operation and Maintenance. In FY 1994, if the O&M budget is not significantly increased (\$188 million), the budgetary pressures felt in FY 1993 will increase dramatically. The FY 1994 budget is funded at minimum level of support for military technician pay, but is severely underfunding for: OPTEMPO, Base Support, Recruiting, and OCE. At the current budget levels, the ARNG will have to reduce the Sir OPTEMPO from the historic goal of 9.0 hours per month to 6.4 hours per month. This reduction will have significant readiness impacts across the force. Similar reductions in ground training OPTEMPO will also occur due to limited dollars for POL, Repair Parts, Depot Level Repairables and Depot Maintenance. These reductions are occurring at a time when the equipment density and modernization at the ARNG are at its highest levels. The addition of the \$188 million will allow the ARNG to continue to maintain its historic level of training OPTEMPO.

ANG answer. The President's budget submission adequately funds the proposed FY 1994 end strength for the Air National Guard.

Question. As the reserve forces are being reduced, is the level of your full-time support program being reduced also?

ARNG answer. Since 1991, AGR authorizations have been reduced by 1513 (5.8 percent) and technician authorizations have been reduced by 1437 (5.1 percent). This has occurred even though our FTS personnel have continued to perform their traditional missions, while also assuming additional missions and responsibilities as the Active Component draws down.

ANG answer. Yes, the full-time support program is being reduced. The major impact of the force structure changes affect the number of aircraft assigned and the number of military technicians required to maintain them and therefore, the technician program is being reduced by 1,173. The Title 5 civilian program is being reduced by 185 due to the base closure proposal at Rickenbacker. The AGR program increases by 263, primarily in support of security personnel. Overall, the full-time support decreases amount to 1,095.

Question. As new missions are being assumed by the reserve forces, at what percentage of full-time support are your units being resourced? Is this adequate for your mission requirements?

ARNG answer. In FY 1993, AGR requirements are resourced at 60.9 percent and technician requirements are resourced at 72.2 percent. Both resourcing percentages are considered inadequate for support of mission and support requirements.

Our current full-time manning level is approximately 90% of the validated requirements. New missions are also programmed at this level. This percentage is the minimum required to support readiness requirements.

Question. For the record provide an analysis of your total full time support program, including specifics of the AGR and technician programs. List the shortfalls in each program for FY 1994.

ARNG answer. AGR personnel are assigned primarily to provide readiness support and training at wartime, deployed ARNG units. The technical expertise provided by our military technicians is paramount in our maintaining the highly sophisticated weapons systems being fielded in the Guard today. The most significant shortfall in both programs is personnel.

The significance of additional full-time support relates to the increased reliance on the ARNG to continue to perform its traditional roles and missions while assuming additional missions and responsibilities as the Active Component draws down. Operational Support Airlift (OSA), increased readiness requirements associated with early deploying Contingency Force Pool (CFP) units, Lieutenants to CONUS (to assist in meeting the Title XI requirements for a force with a minimum of two years active duty), Bridging ARNG units forward to their senior headquarters with forward planning and cells and Operational Readiness Evaluation (ORE) teams are all new missions which increase the requirements base for AGRs. Systems such as the Apache helicopters, Abrams tanks, Bradley fighting vehicles, Hawk missile systems and increased fill of wheeled vehicles from AC drawdown increase the need for military technicians.

ANG answer. The FY94 budget contains a requirement for: Technicians—24,251; Title 5—1,755; AGR—9,389. The technician and AGR programs support a manning level of about 90% of the valid manpower requirements for FY94. The Title 5 program supports base operating support and civilians assigned to Headquarters ANG. These numbers are the minimum required to support the roles and missions assigned to the ANG. Higher manning levels are desirable but based on fiscal constraints the ANG realizes that increases are probably not possible. Training levels and readiness are being attained currently with the 90% level and this trend should continue in the future.

Question. Do you believe the DoD should expand the Reserve components as the Active components are reduced in order to retain quality personnel that are being separated?

ARNG answer. As the Total Army is reduced proportionally, the Army National Guard is capable of offsetting certain capabilities of the Active component. This would offer the quality personnel separated from active duty the opportunity to continue to serve their

nation and utilize the valuable training they received on active duty.

The roles and missions assigned to the Air National Guard are developed based on total force requirements as determined by the world-wide threat. Any expansion of the Reserve components must be weighed against first, total force requirements and second, an assessment of which service can best perform the mission. The ANG does currently have vacancies and every attempt is being made to recruit as many active duty personnel as possible.

Question. Since the Reserve Components operate at a lower cost, would an increase of more units in the Reserve structure allow our total forces to be better prepared to perform missions and still be cost-effective?

ARNG answer. As the active Army is reduced in size, the Army leadership has recognized that to maintain a balanced force, certain types of force structure can be shifted to the Army National Guard, to support in a more cost effective way, the evolving National Military Strategy. The Army National Guard, as one of the nation's two land forces, will sustain, reinforce, reconstitute, and complement the active forces.

ANG answer. The Reserve Components operate at a lesser cost because of the low operational tempo required of the part time missions assigned. Full time missions with high operational tempos cost about the same whether performed by the Air National Guard or the Active force. A carefully developed yet cost-effective force mix is essential to meet both peacetime and wartime tasking. Missions particularly well suited to the Reserve Components are those with low peacetime activity and high wartime surge requirements.

PERSONNEL AND OPERATING APPROPRIATIONS

Question. Do you support the President's Budget and does it provide sufficient funding for the ARNG? For the record, would each of you provide a list of your high priority unfunded personnel and operation and maintenance requirements.

ARNG answer. Yes, we strongly support the FY 1994 President's Budget. The Budget funds an end strength of 410,000. In addition, it funds full-time support at 27,259 Technicians and 24,180 AGRs. While the pay and allowances are fully funded for this force, the Operations and Maintenance dollars are insufficient to maintain historic levels of training and operations. The shortfall in OMNG is \$188 million at a minimum. The breakout of the shortfall is as follows:

OMNG tail for the restoral of the end strength from Bush Budget of 345,600 to current level of 410,000: Optempo air, \$15 million; Optempo ground, \$33 million; base support, \$14 million; organizational clothing and equipment, \$9 million; other support, \$15 million; depot maintenance, \$10 million; HQ support, \$4 million; total, \$100 million.

Restore the budget reduction in Logistics support, \$50 million. The reductions will degrade training OPTEMPO by reducing repair parts, depot level reparables, OCE and POL.

Increases in the cost per hour of air Optempo, \$30 million. A revised flying hour cost has increased the flying hour program re-

quirement. Without additional dollars, the FHP will be reduced from 9.0 hours to 6.4 hours per month.

Restore \$8 million in OCE. The resources will fund OCE at minimal levels, \$8 million.

The combination of drastic dollar reduction and the restoration of the end strength without adequate OMNG, places the ARNG under a financial burden of FY 1994. Additional OMNG is critical to the continued readiness of the ARNG.

ANR answer. The Air National Guard supports the President's budget as submitted. Not funded in the budget are personnel requirements of \$10.9 million for anticipated cost of the Reserve Component Transition Initiatives and Operation and Maintenance requirements of \$8.0 million for startup costs for a Rescue and Recovery unit in the State of Hawaii.

Question. Please tell the Committee what amount of money your component was required to reduce further when the Secretary of Defense took an additional \$12 billion cut from the DOD budget earlier this year.

ARNG answer. Due to the revamping of the end strength in the ARNG from a planned level of 345,600 to 410,000, the ARNG was not reduced. In fact, the ARNG received an increase of \$318 million from the Army.

ANG answer. Impact on Air National Guard appropriations was a total of \$106.1 million. Operation and Maintenance was reduced \$70.9 million, Military Personnel By \$32.2 million, and Military Construction by \$3.0 million.

Question. Did this create any shortfalls in areas such as mobilization training, schools, PCS moves, etc? If so, please explain.

ARNG answer. The additional cuts made by the Secretary of Defense did not impact on the ARNG's mobilization training, schools and PCS moves. These areas are adequately funded in the ARNG budget. However, the restoration of end strength without the Operations and Maintenance support has resulted in significant shortfalls. The breakout of this shortfall is as follows:

	(Million)
Optempo air	\$15
Optempo ground.....	33
Base support.....	14
Organizational clothing and equipment.....	9
Other support.....	15
Depot maintenance.....	10
HG support.....	4
Total.....	100

In addition to the shortage for the O&M Tail, the budget for FY 1994 is also underfunded in 3 other areas: Logistic support for Inventory, price changes in AIR OPTEMPO and shortages in OCE. The additional shortfall for these areas is \$88 million.

ANG answer. The entire \$106.1 million cut was the result of pricing changes and the elimination of pay raises for civilian and military personnel.

Question. With O&M funds under serious constraints, can we afford to train more?

ARNG answer. Given the serious constraints on funds, it will be extremely difficult for the ARNG to take on additional training

missions. As discussed in prior questions, without additional OMNG funding in FY 1994 the ARNG will be unable to maintain historic levels of OPTEMPO for the force.

ANG answer. No. The Air National Guard has developed innovative training programs to meet present day training requirements while the DOD budget continues to decrease. These programs have helped maintain a viable mission ready posture, enabling us to meet worldwide contingencies. Increased training in the current environment could only be accomplished with a commensurate increase in funding to support this training.

Question. When will this begin to effect the readiness of reserve forces? Will we be seeing a return to the "hollow" forces?

ARNG answer. To some extent, the lack of funding has already impacted lower priority/late deploying Guard units. As we robust our high priority units, it becomes more difficult to maintain high levels of collective proficiency in the lower priority units. This does not mean, however, that we will have a "hollow" force. Our units will be manned and equipped at authorized levels and will continue to train to standard on those tasks that can be accomplished within available resources.

ANG answer. It is not feasible to predict exactly when the continuing reduction in O&M funds will affect the readiness of the reserve forces. We are making every effort to train in the most cost-efficient manner possible, but there is a limit to how far this approach can take us. At some point in the not too distant future, continuing funds reductions will invariably degrade our ability to train to required levels of readiness. Once this point is reached, readiness will be negatively impacted and, if O&M budgets continue to decline without a corresponding reduction in taskings, we will face the very real prospect of becoming a "hollow" force.

Question. As the active forces draw down, are the reserve forces required to train more extensively in conjunction with the active components? If so, does this result in an increase in deployments in the Continental United States and Overseas?

ARNG answer. Active forces draw-down will cause increased Continental United States and outside Continental United States training requirements and deployments for the Reserve Components. At least through FY 1996, there is a need to assist in getting equipment and supplies out of Europe and to help the command get to the end-state condition. Exercise participation in European Command should remain at current levels or increase some with the draw-down. Influences on European Command deployments include: Eastern European initiatives; level of United States Army Europe participation in North Atlantic Treaty Organization exercises; how quickly the downsizing of Europe is achieved. Army National Guard support to Southern Command and United States Army South will continue at current levels to support Nation Assistance initiatives. As the draw-down caused by the Panama Canal Treaty occurs in FY 1995, United States Army South's ability to support Reserve Component deployments will diminish significantly. This will cause increased Reserve Component deployments to provide logistical and maintenance support for Reserve Component Forces. Reserve Component Training with the Active Component in the Continental United States has already felt some effects of the

draw-down as the Reserves are being asked to participate more extensively in Active Component exercises. This trend should continue unless there is a cutback in the number and/or scope of current Active Component exercises.

ANG answer. Currently, there is no plan to increase the training intensity level between the remaining Active forces and the reserve forces due to the decrease in the total size of the Active forces. However, because the Active forces are reducing and at such a rapid rate, the likelihood of more deployments and commitments in CONUS as well as overseas for the reserve forces is real. Further, because of the reduction in active military forces, an increase in frequency in overseas deployments per unit will occur.

Question. Since the reserve components are being asked to maintain more equipment and manage more facilities, what problems does this create in your budgets?

ARNG answer. As the equipment density and level of modernization increases, within the ARNG, the budgeted resources are severely constrained. The most critical area is that of Full-Time support. The requirement for military technicians continues to grow within the ARNG. Additional funding is required for OPTEMPO (AIR AND SURFACE) for the increased equipment density. This will have a dramatic effect on readiness. The details on funding this FY 1994 requirement is as follows:

	(Millions)
Military technicians (800).....	\$28
Optempo air	15
Optempo surface.....	33
Base support.....	14
Depot maintenance	10

ANG answer. Larger aircraft require larger hangars, and increased ramp space. As the Air Guard obtains more equipment and facilities, real property maintenance dollars are being diverted to accomplish temporary modifications/alterations until permanent construction can be provided thru the Military Construction Program (MILCON). The MILCON program is not responsive to the conversions. Base Operating Support funds to maintain the larger facilities and additional utilities have not grown along with the increases in square footage.

UNFUNDED PROCUREMENT REQUIREMENTS

Question. For the record, please provide a list of your high priority unfunded procurement requirements.

ARNG answer. The high priority unfunded FY 1994 procurement requirement in the ARNG are:

	(Millions)
Modernization/Conversion of Training Systems.....	\$5
5 Ton Truck Extended Service Program	120
ARNG Readiness Center and VTC	6
Communications/Electronics Equipment	524
Night Vision Equipment.....	570
Private Branch Exchange.....	43
Logistics Service Support Equipment	96
Training Devices	64
Chemical/Biological Equipment.....	57
Tactical Trucks and Trailers	232
Combat Equipment/Systems.....	516

	(Millions)
Computer Systems	20
UH-60 L(30)/Q(Conversion-3)/Q(new-4)	252
OH-58D (KIOWA-73)	183
Non-OSA	82
OSA	39
Helicopter Flight Simulator	30
Fixed Wing Flight Simulator	10
Simulator Trainer	6
National Emergency/Civil Disturbance Communication Package	10

ANG answer. The Air National Guard has unfunded procurement requirements totaling \$1.6 billion. Those requirements, in prioritized sequence, include \$50.0 million for F-15/F-16 Engine Upgrades, \$378.6 million for twelve C-130H aircraft, \$14.2 million for Airlift Defensive Systems, \$63.3 million for Level I Combat Communications Electronic equipment, \$24.0 million for F-16 Modernization, \$59.2 million for F-15A/D MSIP, \$260.0 million for KC-135E to KC-135R reengining, \$63.0 million for various KC-135 upgrades, \$40.0 million for upgrading airlift radars, \$11.0 million for replacement of one HH-60G helicopter, \$361.1 million for eight HC-130N aircraft, \$32.0 million for HH-60G engine replacement, \$59.5 million for Level II Combat Communications Electronic equipment, \$6.5 million for two KC-135R simulators, \$9.4 million to convert two C-130E aircraft to Senior Hunter configuration, \$28.5 million for Level III Combat Communications Electronic equipment, \$60.0 million for KC-135 mobility equipment, \$19.7 million for TACS upgrades, \$42.2 million for Anti-Radiation Missile decoys for TACS units, and \$32.5 million for other miscellaneous equipment shortfalls.

YEAR OF TRAINING INITIATIVES

Question. Explain to the Committee General McPeak's "Year of Training" initiative, and what the program is designed to achieve. What is the cost of this new initiative for FY 1994?

ANG answer. The "Year of Training" initiative is designed to streamline the processes associated with the training and education of our officer, enlisted, and civilian forces. It was developed to improve the quality of training, while establishing more standardization, rigor, and discipline in the education and training programs of all Air Force specialties. Actions required to implement the "Year of Training;" initiatives include:

Career Field Education and Training Plans be established for all enlisted Air Force Specialty Codes (AFSCs); with core tasks for each skill level or duty position.

Resident 3-level, AFSC awarding courses be developed for all AFSCs.

5-level upgrade requirements include completion of minimum six months duty position experience prior to entering upgrade training (CDC and 12 months On-the-Job Training (OJT) minimum) and "sew-on" Senior Airman.

7-level upgrade requirements include a minimum 18 months OJT followed by technical school attendance.

On-the-Job-Training Trainers be appointed, trained and certified, by Airman Leadership School (ALS) graduates (if enlisted) and possess a higher skill level than the trainee.

OJT certifiers be appointed, trained and certified, possess at least a 7-level and be an individual other than the OJT trainer.

ALS attendance prerequisite changes from 36 to 48 months time in service (TIS).

No change to Noncommissioned Officer Academy (NCOA) attendance for ANG members; allowing SSgts with 8 years TIS and TSgts to attend.

Senior Noncommissioned Officer Academy (SNCOA) attendance allows MSGts and SMSgts only; no CMSgts.

Initial skills training be required for line officers.

Advanced skills training be increased for line officers.

Intermediate Service School officers attendance increase by 20%.

The following table shows the total pay allowance, travel, and per diem costs tied directly to the "Year of Training" initiatives.

Initial 3-level.....	\$3.628
OJT Trainer Certificate.....	5.651
7-Level Skills Update.....	0.432
Senior NCO Academy.....	0.139
Total.....	9.850

This total cost was offset to some degree by program adjustments in initial skill acquisition training resulting in net additive costs of \$7.655 million shown in our justification book.

GUARD AND RESERVE TRANSITION BENEFITS

Question. The Congress authorized the same transition benefits for full time Guard and Reserve members as are being given to the active duty forces. In addition to the Voluntary Separation Incentive (VSI) and the Special Separation Benefit (SSB), the 15-year early retirement has been authorized as a tool to help in the draw-down. What guidance have you received from OSD to implement these programs? Have you received approval from OSD to proceed with these programs? If not, why not?

ARNG answer. On 12 March 1993, the National Guard Bureau (NGB) received implementing guidance and policy objectives from OSD for use of Transition Benefits for ARNG AGR personnel to included Voluntary Separation Incentive (VSI), Special Separation Benefits (SSB) and the 15-Year Early Retirement. On 6 April 1993, NGB submitted a combined FY 1993/FY 1994 plan through DCSPER to OSD. This proposed plan called for use of all of three authorities in FY 1993 and FY 1994 to assist in achieving FY 1994 AGR endstrength. On 7 May 1993, OSD disapproved the 1993 portion of the plan. This tentative approval is subject to available funding and to development of an AGR personnel plan which addresses all objectives of the March 1993 Policy Objectives for Achieving Active Military Manpower Reductions. The National Guard Bureau has implemented a "Job-Fair" program to assist AGR personnel in excess states the opportunity to apply for vacant positions within states that are below their AGR end strength. This cost saving program has the dual benefit of reducing associated involuntary separation costs while retaining highly qualified personnel in the AGR program.

ANG answer. On 18 May 93, the ANG received OSD approval to implement the Reserve Transition Assistance Program. This guid-

ance provides the Director of the Air National Guard (ANG) the option to request through the Secretary of the Air Force (SAF) for OSD approval, the authority to use the Voluntary Separation Incentive (VSI) and the Special Separation Benefit (SSB) in the future for force restructuring. At this time the ANG is not planning on using the VSI/SSB or 15-year retirement as a drawdown tool for full time guard personnel.

Question. Are your transition benefits adequately funded in FY 1994? Will you be using these benefits in FY 1993? If so, what is the cost of these programs, and will it create a shortfall in the personnel accounts for FY 1993?

ARNG answer. The ARNG AGR Transition Benefits and 15-Year Early Retirement are not adequately funded for 1994. They have been requested on the 1994 budget proposal, but not approved. We would like to implement a small program in FY 1993 in not more than four states of the 14 states who are over their endstrength. As yet, we have not been able to identify available funding for the FY 1993 program. Estimated cost for these programs are:

[In millions of dollars]

Program	Officers	Enlisted
1993:		
Early Retirement	\$.5	\$.8
VSI	11.4	3.7
SSB	1.4	1.6
Subtotal	13.3	6.1
Total		19.4
1994:		
Early Retirement	.5	.1
VSI	11.2	.8
SSB	1.4	.4
Subtotal	13.1	1.3
Total		14.4

ANG answer. Transition benefits are not adequately funded for FY 1994. The Reserve Transition Benefits will cost \$12.1 million in FY 1994, \$10.8 million is unfunded. These projections were computed without including these benefits for full time guard personnel because we do not anticipate using them in FY 1994. The ANG is also not planning on using these benefits in FY 1993 for full time guard personnel.

Question. Would each of you explain how you plan to use the 15-year early retirement program. Will it be used selectively as a force shaping tool?

ARNG answer. The 15-Year Early Retirement Program in the ARNG is intended to be used as a force shaping tool to assist us in achieving the 1994 AGR endstrength for those 14 states who are currently over their AGR endstrength. It will only be offered to AGR personnel in those 14 states who are otherwise retention eligible and in specific grades identified as excess.

ANG answer. At this time the ANG is not planning to use this benefit, however if we do, it will be used selectively as a force restructuring tool.

Question. Provide for the record a list, by officer and enlisted, of the number of takers you plan to offer the VSI, SSB and the 15-year retirement programs FY 1993 and FY 1994.

ARNG answer. Estimated number of takers the ARNG plans to offer VSI, and SSB and the 15-Year Retirement Programs to in FY 1993 and FY 1994 are:

	VSI			SSB			15-yr ER		
	Off	Enl	Total	Off	Enl	Total	Off	Enl	Total
1993.....	65	40	105	16	27	43	7	23	30
1994.....	64	9	73	17	6	22	6	4	10
	129	49	178	33	33	66	13	27	40

	1993	1994	Total
VSI.....	105	73	178
SSB.....	43	23	66
15-yr ER.....	30	10	40
Total.....	178	106	284

ANG answer. The ANG does not plan to use these benefits in FY 1993. If requested by Director, ANG through Secretary of Air Force and approved by OSD, the maximum number of full time personnel offered the VSI/SSB in FY 1994 would be 110 officers and 241 enlisted.

RECRUITING AND ADVERTISING

Question. The major personnel action affecting the military today is the downsizing of forces. Despite the rapid pace of this draw-down, the DOD still needs to maintain personnel readiness and military effectiveness by recruiting and retaining high quality people. What are your accession goals for FY 1994? In order to meet these goals, what amount is in your FY 1994 budget for recruiting? Is this amount sufficient in order to continue to access high quality recruits?

ARNG answer. Based on the current end strength as of 31 March 1993, (409,778) 72,250 accessions are required. The 1994 budget amount is 27.4 million dollars.

This amount was NOT sufficient to meet accession goals or to continue high quality accessions. The Congressional Cap has limited the ability for the Director, Army National Guard to fully fund the Recruiting and Retention Programs.

ANG answer. The ANG has an accession goal of 10,445 for FY 94. We will need 1285 officers, 5320 prior service enlisted, and 3840 non prior service enlisted to maintain strength and force mix goals. To meet this requirement, we have 2.2 million dollars in O&M support. While this money will be enough to support the current recruiting mission, the reduction of 31 recruiting authorizations, and

proposed further reductions based on the Congressionally directed 10% reduction, will make the current recruiting mission achievable, but more difficult. Current accession quality standards can be maintained given no increases or changes in the ANG mission. If, on the other hand, the mission of the ANG is increased, or changed in scope, as to require a different accession mix, this recruiter reduction will make meeting quality and quantity goals very difficult.

Question. What is the quality of the new recruits we are currently accessing? Will we begin to accept more Category IV's as the population of 18-21 year-olds decrease?

ARNG answer. The quality of recruits we are currently accessing is very high. All recruits have a high school or high school equivalent diploma. 98.4 percent are in Category I-IIIB, only 1.6 percent are in Category IV.

We do not want to accept more than 2 percent Category IVs due to their higher attrition rate and more sophisticated equipment coming into our inventory. Our projections show the 18-21 population will begin to increase starting in FY 95.

ANG answer. The ANG continues to access high quality individuals. In the first quarter of FY 93 all accessions were in mental Category III or higher, with a high percentage being Cat I or Cat II. Additionally, all recruits had at least a High School Equivalency. The only Cat IV individuals the ANG will access are individuals leaving active duty, and joining the ANG with no break, that are already qualified in their career field. These individuals have a proven track record, and are definitely an asset for the ANG. At this time, we do not feel it is necessary to lower accession standards to maintain readiness.

Question. What are each of you budgeting in FY 94 for advertising? Due to funding constraints, how are you focusing your advertising dollars? Are we applying any new approaches towards advertising to counter the perception among the public that the military is not hiring?

ARNG answer. We have 8.8 million dollars budgeted for Advertising in 1994. ARNG advertising is being specifically focused on the 17-24 year old high school graduate. To accomplish this, we are looking at programs such as sports education posters, and advertising on a high school educational network.

ANG answer. The FY 94 advertising budget is 2.1 million dollars. We have restructured our advertising programs to generate leads that will help the ANG access more minorities, females, and already qualified prior service personnel. By focusing our advertising efforts in these areas, we are ensuring that local ANG units will match the demographics of their surrounding communities. We are also taking advantage of the qualified prior service individuals leaving active duty, due to the drawdown. Our advertising efforts are countering the public perception that military is not hiring by ensuring both the local communities and other services are aware of vacancies within the ANG and the need for new recruits.

In order to counter the perception that the military may be "going away", we are incorporating the message that the ARNG has been here for over 350 years and we will always be here, serving our nation and our communities, into all of our advertising,

both print and electronic media. One way to do this and contain costs is to utilize the ARNG Visual Information Support Center (VISC). In addition, we are exploring the possibility of combining the Drug Demand Reduction Office, and Public Affairs to achieve maximum public awareness of the Army National Guard and its ongoing commitment to adding value to America.

Question. As demands on the reserve components increase and reservists are torn between their reserve job and other commitments, do you foresee higher attrition rates? How will this affect retention within your component?

ARNG answer. Possibly. But meaningful training along with effective time management of the ARNG soldier, and unit "Esprit de Corps" can offset higher attrition rates.

We believe that we have turned the corner on losses and expect net gains through the balance of this fiscal year. We will focus on retention of soldiers who have two to six years of service (first term enlistees). We have developed an ARNG Attrition Management Plan, maximized Command Support Groups, Family Assistance Work Groups, implemented a Civilian Career Enhancement Program, while improving our high quality Unit Sponsorship Program.

ANG answer. The ANG continues to enjoy a very high retention rate, averaging 90% currently. We are continuing to work both employer and family support programs to ensure this rate continues. As a caution however, we must remain cognizant of the fact that the members of the ANG are "Citizen Soldiers," and if we take on more missions that require more of their time, they will be forced to make hard decisions, and our retention rate may become lower. If this happens, we may lose a portion of the "experience factor" that is part of our success, and will put more of a burden on recruiters to fill their losses.

EQUIPMENT MODERNIZATION

Question. The drawdown of the Army active forces provide modern equipment for redistribution to the Army National Guard and Reserve forces. Much of the equipment are in the process of being returned to CONUS from Europe. The Army plans to transfer much of this equipment to the Army Reserve and National Guard.

Will the Army National Guard receive the right type of equipment from the downsizing of the Active Forces? If not, what types of equipment are not included, but are required for Army Guard readiness?

ARNG answer. The Army National Guard can expect to receive an as of yet undetermined quantity of equipment as a result of Active Forces downsizing. That equipment will tend to benefit primarily the Guard's priority units to include Roundup/Roundout and Contingency Force Pool units.

Despite the expected influx of redistributed equipment, we anticipate that many critical equipment shortages will exist following redistribution. Examples include secure communications devices; radios and other command and control communications equipment; water producing, packaging, storage and distribution system equipment; cargo vehicles; and materiel handling equipment. Much of

this equipment is not readily available in the Active Component and consequently, even after redistribution in priority sequence, is expected to remain as shortages in the Army National Guard.

We expect that equipment modernization will benefit the Guard units in Force Package One and to a lesser extent, Force Package Two. However, the majority of Army National Guard units will continue to have to rely upon redistributions of displaced, older equipment. Although equipment realized from downsizing will certainly increase equipment fills in many areas, we expect shortages in the areas mentioned above.

The Army National Guard has shortages of the following equipment that is required for Army Guard readiness, but is not expected to be received as a result of Active Component downsizing:

Transportation equipment:

M1070 Heavy Equipment Transporter (HET).

M1000 Heavy Equipment Transporter Trailer.

Palletized Load System (PLS).

Family of Medium Tactical Vehicles.

Water producing, packaging, storage and distribution equipment:

3000 Gallon Per Hour Reverse Osmosis Water Purification Unit.

Tactical Water Distribution System.

Tank, Assembly, 3000 gallon.

Test, measurement and diagnostic equipment: Integrated Family of Test Equipment (IFTE).

Generators/support equipment:

Generator Set, 60KW Utility/Skid Mounted.

Welding Shop Trailer.

Combat systems:

M2 Bradley Fighting Vehicle System (Upgrade to M2A2).

M3 Cavalry Fighting Vehicle System (Upgrade to M3A2).

M9 Armored Combat Engineer Vehicle.

Communications and electronics equipment:

SINCGARS.

AN/GYK-37 Lightweight Computer Unit.

AN/PSG-7 Forward Entry Device.

Night Vision Devices.

AN/TRC-170 Radio Terminals.

AN/TTC-39 Circuit Switch (Upgrade).

Digital Group Multiplexer Antenna Masts.

Mobile Subscriber Equipment AN/USM-626 Test Sets.

We also need tactical automation equipment which is not projected for redistribution. Requirements include the non-developmental item (NDI) replacement for the Tactical Army Combat Service Computer System (TACCS), Army Tactical Command and Control System (ATCCS), and the Corps/Theater Automated Data Processing Service Center Phase II (CTASC-II).

NATIONAL GUARD YOUTH OPPORTUNITIES PROGRAM

Question. The fiscal year 1993 Appropriations bill included a total of \$47 million for four youth opportunities programs.

General Conaway, this is not the first year the National Guard is involved with youth opportunities programs.

Based on the Guard's past experience, have these programs been helpful to our youths? In what type of activities are Guard personnel directly involved?

NGB answer. National Guard involvement in these programs contribute to the betterment of the Nation's youth. Our programs assist in providing role models, development of responsible citizens and future leaders, improved academic and civic performance, and fulfilling the needs of local communities.

Our programs have broad bi-partisan support among the Governors, elected State and local officials, community groups, educators and law enforcement. A survey of the Nations' Governors, conducted by the National Governors Association, showed wide-spread support for programs authorized and funded by Congress in FY 93.

Guard personnel are involved in a wide-range of youth activities. They range from math, science and engineering enhancement programs such as Starbase or the LA Unified School District program and counter gang and drug demand reduction activities to summer youth programs addressing a wide-range of local needs and resident academic alternative and supplemental programs.

All of our Youth and Drug Demand Reduction programs place great emphasis on the following "8 Core Components."

- a. Life Coping Skills;
- b. Academic Excellence;
- c. Skills Training;
- d. Responsible Citizenship;
- e. Leadership/Followership;
- f. Health/Hygiene and Sex Education;
- g. Physical Fitness; and
- h. Community Projects/Involvement.

We believe the National Guard as a responsible community based National Defense organization, has the moral and social responsibility to make a major contribution in these areas in our 3200 communities nationwide.

NATIONAL GUARD CRISIS PREPAREDNESS

Question. Following the Los Angeles riots during the summer of 1992, what has the National Guard Bureau (NGB) done to better prepare the Guard to handle similar kinds of domestic crises?

ARNG answer. A number of specific actions have been initiated to improve National Guard preparedness for civil disturbance operations (1) The NGB sponsored a Civil Disturbance Workshop for all 54 states and territories that include lessons learned from California Guard's experience in "Operation Sudden Response." (2) An action committee consisting of representatives from the states and NGB was formed to review and validate training requirements and regulatory guidance for Civil Disturbance Operations to insure maximum Operational Readiness. Recommended changes have been forwarded to Headquarters Department of the Army. (3) Authorizations for state security munitions have been reviewed and revised in consideration of today's civil unrest threat environment. (4) A plan was also developed to preposition a contingency package of civil disturbance equipment at regional locations. The package will consist of lock plates for the M-16 rifle, face shields for the

Kevlar helmet, body armor, and hand held communications equipment compatible with operations in an urban environment.

Question. What improvements in the areas of training and communications are needed to better prepare for the State mission?

ARNG answer. We have initiated several actions to make improvements in these areas already. The National Guard Regulation (NGR) governing Civil Disturbance Operations has been updated and we are also reviewing the NGR for disaster response. The Army Regulation (AR) governing Civil Disturbance Operations is being reviewed and a new Army Field Manual (FM) covering all aspects of Military Support to Civil Authorities (MSCA) is in final draft. Command Post Exercises need to be conducted on a recurring basis to test National Guard state plans in coordination with local, state and federal agencies and to ensure compatibility and interoperability among all participating agencies. Resources are required to provide additional training days to enhance civil disturbance preparedness. Funding is also required for improved communications systems (hand-held, secure, multi-channel, etc.) capable of operations in metropolitan areas and compatible with civil law enforcement agencies. Current tactical radios are Frequent Modulated (FM) making them limited to line-of-sight operations, incompatible with the frequency range of most law enforcement radios and ineffective for communications in built up areas.

Question. What equipment shortfalls were identified by the Guard after the riots?

ARNG answer. Insufficient quantities of body armor, face shields, and batons to outfit all support forces as well as on-the-street forces was a major issue. Also identified was the need for updated riot agent delivery systems that are less cumbersome to handle, and munitions that are more environmentally acceptable and safe. Common Table of Allowance (CTA) 50-909 was reviewed for adequacy in authorizations for state security munitions, and recommendations for revision were made accordingly. Requirements for new, state-of-the-art equipment to enhance civil disturbance response capability, to include secure, interoperable communications systems capable of working in built-up metropolitan areas.

Question. Under Federal law, soldiers who are mobilized have protection for their jobs and employer support. Does this same protection currently exist under state law?

ARNG answer. Generally speaking, similar protection is provided, but it varies from state to state in accordance with applicable state laws and/or constitution.

Question. For the record, provide the Committee with any legislative changes the Guard feels is necessary to perform its state mission more effectively.

ARNG answer. Include language in the Authorization Act which would allow the use of federal dollars to plan for and conduct federal, state and local emergency/disaster exercises and tests in coordination with appropriate agencies. In addition, identify in the Appropriations Bill a source of federal funds to be made available to the National Guard for actual disaster response operations when declaration of a national emergency appears imminent.

NEW BOMBER MISSION

Question. Included in the fiscal year 1994 budget for the Air National Guard is the strategic bomber mission. General Killey, please tell the Committee how many B-1 aircraft the Air National Guard will receive in FY 1994.

ANG answer. We will receive two aircraft FY in 1994, with the unit eventually growing to ten.

Question. What additional support costs will be necessary in FY 1994?

ANG answer. We believe there will be no significant increase in support costs for FY 1994. Since the aircraft are transferring from the active force, the majority of the costs associated with operating them were already programmed and will be transferred to Air National Guard programs.

Question. What additional end strength is necessary to support these aircraft?

ANG answer. An existing Air National Guard unit will be converting to the bomber mission with no increase in end strength.

Question. This mission will call for an increased amount of training on the part of your personnel. Do you foresee any problems that will occur in obtaining this training?

ANG answer. No. We have plans to accomplish the Programmed Flying Training (PFT-initial qualification) for air crew members. Once qualified, our planned operations tempo will keep our air crews fully trained. Training requirements for our maintenance personnel have been coordinated with Air Training Command and Air Combat Command. Presently, there are no showstoppers in either qualification or continuation training.

Question. Where will the bombers be located and in how many units?

ANG answer. ———.

C-130 AIRCRAFT

Question. On February 3, 1993 the Committee was provided with a list of equipment scheduled for procurement for Guard and Reserve units. The list noted that \$248.3 million for eight C-130 aircraft was planned to be reprogrammed to cover expenses for Operation Restore Hope. Last week the Department of Defense initiated the reprogramming for Operation Restore Hope and none of the sources include C-130 aircraft. What are your current plans for use of the funding provided in the fiscal year 1993 appropriation for the C-130 aircraft?

ANG answer. The National Guard Bureau intends to use the entire \$306.6 million for C-130H aircraft in FY 1993 appropriations to continue C-130 fleet modernization and capability upgrade. Eight of the ten directed aircraft will be used to complete the conversion of our unit in Charlotte, NC from the C-130B model to the more modern, capable, and supportable C-130H. The remaining two C-130H aircraft will be used to continue adding a search and rescue capability in Hawaii.

Question. The Congress has been criticized in the past for adding money to buy C-130 aircraft. If you buy all of the aircraft specified

in the fiscal year 1993 appropriation, how many more aircraft are required over the next five years?

ANG answer. To complete the modernization of the six remaining Air Guard C-130 units, we would require 60 aircraft. If a procurement rate of 12 per year was authorized, the modernization program would be complete in 5 years.

KC-135 REENGINEING

Question. The fiscal year 1994 budget request contains no funding for the continued reengining of the KC-135 tanker force. What is the present Guard force structure of the KC-135 fleet? As of fiscal year 1999?

ANG answer. The Air National Guard KC-135 force structure is as follows ———.

Question. What percentage of the air refueling mission is performed by the Air National Guard today? What will this be in 1999?

ANG answer. ———.

Question. How many Guard KC-135Es have been reengined to the "R" configuration today? How many will remain in the Guard force structure?

ANG answer. ———.

Question. It has been estimated that the operating and support (O&S) costs including fuel, of a single KC-135E is approximately \$3 million per year while the O&S costs of a KC-135R is \$2.5 million. Do you believe these figures are accurate? Has the ANG or reserve done any independent analysis on the cost-effectiveness of reengining the remainder of the Guard and Reserve KC-135E fleet?

ANG answer. We believe the O&S costs reported to you by the Air Force are fairly accurate. The Air National Guard's FY94 Budget Estimate reflects annual O&S costs of approximately \$2.7 million and \$2.4 million for the KC-135E and KC-135R, respectively. The Air National Guard has not conducted a formal independent analysis but we did participate with the Air Force in a joint life cycle cost analysis in 1991.

Question. The KC-135E models that are still left to be reengined do not meet current FAA noise restrictions and will be even more non-compliant when more stringent restrictions go into effect in a couple of years. This poses a difficult problem for the Guard because of their co-location at commercial airports. The KC-135R meets all current and proposed noise restrictions. How serious is this problem for the Guard?

ANG answer. The Guard is very concerned with the potential environmental impact of not reengining the KC-135Es. Although the FAA Stage III noise restrictions do not apply to military aircraft, there may be operational restrictions imposed by the local communities and airport managers, which could impact our training.

Question. What operational impact could this have on the KC-135 mission?

ANG answer. From an environmental standpoint, the primary day-to-day impact of not reengining could be restrictions placed on our training program. Future restrictions could include a reduction

in the allowable number of takeoffs and landings from civilian fields, or even a daily operations curfew.

Question. For the record, please provide the location of all guard units that will be co-located at commercial airports with KC-135Es.

ANG answer. Bangor, ME; Forbes Field, KS; Pittsburgh IAP, PA; McGhee-Tyson IAP, TN; O'Hare IAP, IL; Phoenix IAP, AZ; and Salt Lake City IAP, UT.

Question. Do you concur with the active Air Force's decision to discontinue reengining of the KC-135 fleet?

ANG answer. We support the Air Force decision. However, we are concerned with the potential long-term environmental impact of not reengining the KC-135E. Although current FAA Stage III noise restrictions are not applicable to the military, future environmental laws may require us to revisit the reengining program.

NATIONAL GUARD COUNTERDRUG ACTIVITIES

Question. What are the National Guard's mission plans and programmed optempo for drug interdiction activities in fiscal year 1994? What do you believe are the most effective missions that the Guard performs in this area?

NGB answer. The optempo for National Guard State Plans is included in the Operations and Maintenance (O&M) Appropriation. This includes funding to support approximately 47,000 flying hours dedicated to support the Governors' State Counterdrug Plan. In addition the O&M funds provide parts, petroleum and lubricants for ground vehicles and other equipment used during support missions.

The \$8.6 million in optempo shown for Title 10 OCONUS support will fund F15-F16 flying hour support moving to and from operational areas. The appropriation will also fund approximately 3,500 operational flying hours.

Based on seizure information the most effective counterdrug support missions that the National Guard performs are cargo inspection in support of the U.S. Customs Service, marijuana eradication and aerial reconnaissance. During fiscal year 1992 the National Guard assisted in the eradication of 86,221,000 marijuana plants. Aerial reconnaissance missions support the eradication of marijuana. The street value of illegal drugs seized during Guard assisted cargo inspections during fiscal year 1992 was \$7.736 billion.

Question. The fiscal year 1994 budget request contains \$150.7 million in support of Guard and Reserve drug interdiction activities, a reduction of \$15.4 million from fiscal year 1993. Your mission seems to be expanding while funding is decreasing. Is your FY 1994 program executable?

NGB answer. The reduction of funds was a result of an Office of the Secretary of Defense budget decision. This reduction of funds for FY 1994 State Counterdrug Support Plans will severely impact the support to Law Enforcement Agencies (LEAs) considering that the Program Objective Memorandum (POM) request of \$208.7 million only funded 80% of the total validated LEA requests. The additional loss of funds will bring our LEA support down to \$71.7% of the total LEA requirements. This loss of funding will reduce the support to LEAs by 139,000 mandays and associated operations and maintenance (O&M) costs.

Question. The budget request contains \$10 million in procurement funding for Air Force Counterdrug Support to equip C-130s with FLIR systems. What is the requirement for AAQ-22 FLIR systems for C-130s performing detection and monitoring missions? How many C-130s will be equipped? Is this initiative part of the formal C-130 modification plan or a unique counterdrug requirement?

ANG answer. Air Force Reserve FLIR equipped C-130s participate in the DoD detection and monitoring counterdrug mission in support of various CINCs and law enforcement agencies. The majority of CONUS support goes to CINCFOR, with C-130 wide area surveillance providing the most expeditious way to locate indoor marijuana grows and methamphetamine laboratories located on public land. The C-130s also provide long range reconnaissance support to USCG cutters during counterdrug detection, monitoring, and interdiction missions in the Gulf of Mexico.

The total program will install hardwire points in 62 C-130/C-130H aircraft to accept portable chin-mounted FLIR systems and purchase 24 AAQ-22 radars for use on these aircraft. FY1994 procurement funds purchase 14 AAQ-22 FLIR systems and provide wiring and installation for 10 C-130 Search and Rescue (SAR) aircraft. FY1995 procurement funds purchase 10 AAQ-22 FLIR systems and provide wiring and installation for 52 aircraft.

This initiative is not part of the formal C-130 modification plan. This is an Air Force Reserve counterdrug effort in support of the overall DoD counterdrug program. The installation of the FLIR systems to 62 aircraft will provide a broad base of FLIR capable C-130s available for counterdrug detection and monitoring missions and enhance their effectiveness during SAR missions.

COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE

Question. The FY 1993 Defense Appropriations Act requires the Air Guard to establish a C3I Planning Office to lead the transition of major C3I missions into the Guard and Reserve as active duty forces are reduced during this decade. Has the Planning Office been established and begun operations?

ANG answer. Yes, the C3I Planning Office has been established and begun operations in January of this year.

Question. Could you briefly describe the progress you are making and the DOD support you are getting in identifying potential missions that could be supported in the Guard and Reserves?

ANG answer. We have entered into discussions with personnel from HQ AF SPACE COMMAND to determine current and future mission requirements in which Guard and Reserve personnel may play a part. In addition, an OSD/C3I chaired working group has been established with representatives from each of the reserve components which has focused on missions outlined in the FY93 language as well as determining other possible mission areas. Investigation into the use of commercial satellites in meeting both wartime and peacetime needs has been undertaken. Other efforts have led to discussions with the US Army Space Command as they work with other government agencies in the application of commercial systems to meet military needs. Close liaison has been

maintained with the Air Force to monitor overall program progress and work with Air Force personnel regarding future program/mission areas.

Question. Have any funds been included in the fiscal year 1994 request to begin transitioning units to these new roles?

ANG answer. No. No funds have been included for FY 1994.

Question. Have you finished laying out a time table for completing a review of potential missions, estimating the funding involved, and identifying specific units to assume these new missions?

ANG answer. Our time table is not fixed at this time as we continue to explore potential missions. Estimation of funding requirements is dependent on the mission and while some preliminary costing has been developed, the numbers are only rough order of magnitude and will require further refinement. No specific unit or units have been identified as of this date, although units that are geographically well situated for some missions have been nationally reviewed.

Question. In order to smooth the transition for introducing new missions, one option is to establish a "pathfinder" program where the Air Guard selects one particular unit, assigns it a new mission, and then carefully documents the transition process so that follow-on units can benefit from the "lessons learned". For the record, please identify such a unit and tell the committee: (a) specifically what new mission would be assigned to that unit; (b) what funds would be required by the fiscal year to start and finish such a transition beginning in fiscal year 1994; and (c) any new legislative authorities that might be required for this pathfinder unit.

ANG answer. At this time, the Air National Guard has not determined a specific mission for FY94, but a hypothetical example would be the PAVE PAWS missile warning site at Robins AFB, GA. The ANG could remission the 117th Air Control Squadron, the 118th Air Control Squadron, the 129th Air Control Squadron or the 202nd Engineering Squadron. All are currently Georgia ANG units. Both military personnel and operations/maintenance funds would be needed beginning in FY94 to begin a phased multiyear transition. We estimate approximately \$450,000 dollars for FY94 for each category. We do not believe any new legislative authorities would be required for this type of pathfinder unit in FY94. Regardless of which missions are eventually identified for transition to the ANG, we could use this approach.

[CLERK'S NOTE.—End of questions submitted for the record.]

THURSDAY, APRIL 29, 1993.

RESERVE PROGRAMS

WITNESSES

MAJOR GENERAL ROGER W. SANDLER, USA, CHIEF, ARMY RESERVE
REAR ADMIRAL THOMAS F. HALL, USN, DIRECTOR OF NAVAL RESERVE
MAJOR GENERAL JOHN J. CLOSNER, III, USAF, CHIEF, AIR FORCE RESERVE
MAJOR GENERAL JEFFREY W. OSTER, USMC, ASSISTANT DEPUTY CHIEF OF STAFF, MANPOWER & RESERVE AFFAIRS

INTRODUCTION

Mr. MURTHA. The next panel to appear before the Committee will address the programs of the Reserves. We welcome today Major General Roger W. Sandler, Chief of Army Reserve; Major General John J. Closner, Chief of Air Force Reserve; Rear Admiral Thomas F. Hall, Director of Naval Reserve; and Major General Jeffrey W. Oster, Assistant Deputy Chief of Staff for Manpower and Reserve Affairs.

Admiral Hall and General Oster, because this is your first appearance before the Committee, we will insert your biographies in the record.

Gentlemen, please summarize your statements. We don't want to rush you, but we pretty well know the issues. We will have a series of questions for the record and put your entire statements in the record.

This is the first time we have had some agreement between the Pentagon and us about what the figures ought to be. We are in pretty good shape as far as I can see.

If you have specific problems, we know you will bring them to our attention. We will try to take care of them. This Committee has taken care of the Reserve and Guard as well as anybody ever has. We are going to continue that type of action.

I appreciate your appearing before the Committee, and unless any of you has a reason to speak, we will adjourn the Committee.

Thank you very much, gentlemen. I apologize for the inconvenience.

[The statements of General Sandler, Admiral Hall, General Closner, and General Oster follow:]

STATEMENT BY
MG ROGER W. SANDLER
CHIEF, ARMY RESERVE
OFFICE, CHIEF, ARMY RESERVE
DEPARTMENT OF THE ARMY

BEFORE THE

SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
FIRST SESSION, 103RD CONGRESS

APRIL 29, 1993

RESERVE COMPONENTS BUDGET

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE

STATEMENT OF MAJOR GENERAL ROGER W. SANDLER
CHIEF, ARMY RESERVE

Mr. Chairman and distinguished members of this committee, it is a pleasure to be here today, representing the more than 700 thousand men and women citizen-soldiers of the Army Reserve and the over 500 thousand retirees with hip pocket orders, around the world serving our Nation, to present the fiscal year 1994 Reserve Personnel, Army, and Operation and Maintenance, Army Reserve, appropriations requests.

Today's Army Reserve has proven itself to be a successful and essential partner in the Total Army. In addition to relying heavily on its Reserve Forces to deploy and support our contingency force package, the Army increasingly looks to the Army Reserve's competencies and skills for peacetime training of the Total Army; support of major operational missions, such as returning Active component equipment from Europe; support of overseas operations, such as Somalia; military-to-military contacts around the world; and in the emerging area of domestic support.

Much of the success that the Army Reserve has enjoyed and continues to enjoy is the result of both the level of maturity, education and training, and experience of its citizen-soldiers, and focussing and capitalizing on a set of unique core competencies. A brief profile of the Army Reserve would show

At 39.7 years old for officers and 29.5 years old for enlisted soldier the average Army Reservist is somewhat older than his or her Active component counterpart;

90 percent of USAR officers possess at least a bachelor's degree (26 percent possess a master's or higher);

Fully 90 percent of the USAR enlisted force graduated from high school (8 percent possess a bachelor's or higher);

65 percent of USAR officers and more than 48 percent of USAR enlisted soldiers have at least 2 years' prior active duty service.

Taken together with the fact that many Army Reservists' military specialties are closely related to their civilian occupations, this combination of maturity, education, and experience provides an extremely high level of professional competence in the Total Army.

The nature of the Army Reserve further complements the individual professional competency of its soldiers by capitalizing on its unique core competencies. The

USAR

is predominately combat support/combat service support;

provides combat support/combat service support command and control at echelons above division and corps;

contains mainly rapidly deployable units;

is a principal trainer of Army personnel;

is a reconstitution base;

provides great flexibility (a federal force composed of both units and individuals, in the Selected and Ready Reserve).

Taken altogether the USAR force is and will continue to be a full partner in supporting the "Army in the Field" in its war fighting, peacekeeping and domestic support operations, and the "Institutional Army" in training, mobilization, reconstitution and other infrastructure functions.

THE FISCAL YEAR 1994 REQUEST

Fiscal Year 1994 will be another bridge year as the Army downsizes and restructures. We continue to explore ways to maintain and increase our value to the Total Army, and seek new ways to support the Army, while creating efficiencies and economies.

The fiscal year 1994 Reserve Personnel, Army (RPA), budget request is for \$2.1 billion. This is a decrease of \$56 million from the amount appropriated for fiscal year 1993 and reflects Selected Reserve end strength reductions of 19,615 in fiscal year 1994. The budgeted RPA will provide for the pay for Annual Training (AT) and Inactive Duty for Training (IDT) for the FY 94 Selected Reserve (SELRES) end strength and for only some of the other vital needs for the base SELRES and other Reserve personnel. Specifically, there is minimal funding in the School, Mobilization and Special Training accounts to pay for the support associated with the entire SELRES, the basic needs of the Individual Ready Reserve and for the recently authorized Reserve component transition benefits.

The fiscal year 1994 Operation and Maintenance, Army Reserve (OMAR), budget request is for \$1.1 billion. This is an increase of \$71 million from the amount appropriated in fiscal year 1993. In addition, the FY 94 request minimally funds facility maintenance, equipment maintenance, operating tempo (fuel and repair parts), and supply purchases.

The fiscal year 1994 budget request will force us to continue to make very hard choices in training and structuring the Army Reserve as a part of the Total Army. Paramount among all the decisions will be how to maintain readiness. Readiness for the Army Reserve is built on the foundation of full-time support, equipping, and training. Key to maintaining this foundation is sufficient funding to man, equip, and train our citizen-soldiers.

An adequately supported Army Reserve is an asset not only to the Total Army, but to the Nation. We will also be pursuing means to take advantage of these skills and competencies and the USAR's regional orientation for domestic action in support of our local communities.

FULL-TIME SUPPORT (FTS)

The fiscal year 1994 budget effects an FTS decrease of 95 Active Guard and Reserve (AGR) and 180 military technicians (MILTECHs). While this is a seemingly small decrement, in conjunction with a modest increase in Department of the Army civilians (DACs) and Active component, it keeps the FTS level for the Army Reserve at 8 percent (the lowest of any Reserve component). FTS is a key factor in USAR unit readiness. Of the four categories of FTS (Active component, AGR, MILTECHs and DACs) AGRs and MILTECHs offer the most flexibility in improving and maintaining unit readiness.

EQUIPPING

USAR unit equipment-on-hand (EOH) is currently at 62 percent, again the lowest of all Reserve components. Hand in hand with FTS it is crucial to unit readiness. FY 94 equipping goals focus on engineer, logistics (water, trucking, etc.) and medical units. Army procurement focuses on filling Force Package 1 and orients on combat arms systems. At present, Army force modernization systems account for only 17 percent of the Army Reserve's total dollar inventory. This will decline to 7-10 percent in FY 95-2000. Redistribution is ongoing, but only provides the Army Reserve with older equipment. The Dedicated Procurement Program (DPP) has proven to be the most effective way of equipping USAR units. It provides those items that are not in the Army's inventory nor in its force modernization program.

TRAINING

Manning and equipping units are the first steps in achieving and maintaining unit readiness. Training is the catalyst that produces unit readiness. The goal of the Army Reserve is to have soldiers, leaders, and units trained and ready to perform their assigned missions. The Bold Shift initiative is a major restructuring of training to posture Army

Reserve and Guard units for future contingencies. Central to Bold Shift are the collective training conducted by the USAR divisions (exercise) and operational readiness exercises (ORES). The Army Reserve will require the budgeted \$3.3M RPA and \$7.1M OMAR in FY 94 to support Bold Shift.

Overseas deployment training (ODT) is another major feature of a ready Army Reserve. ODT is evolving to meet the challenges of a changing world. The Army Reserve's goal is to increase ODT participation, worldwide, to about 25,000. The benefit of increased ODT is improved readiness to deploy to any theater, and increased employment to support real-world missions, i.e., nation assistance, European drawdown (RETROEUR) and military-to-military contacts. The USAR will require full funding in RPA and OMAR to support ODT in FY 94.

Our leaders of tomorrow are today's lieutenants. Sending our lieutenants to their officers basic course (OBC) is critical to both making them trained, deployable assets and to giving them the foundation for their future career as Army officers.

The Individual Ready Reserve (IRR) continues to be as critical a component of the Total Army's readiness today as it was during Desert Shield/Storm. Maintaining a trained tier of IRR, ready to fill Active, Guard, and Reserve units, for contingency operations and mobilization remains a vital mission for the Army Reserve. The budgeted amount of \$20.5 million in RPA will minimally fund priority IRR training in FY 94.

ACCESS TO THE USAR

The Army has historically participated in domestic assistance activities (disaster assistance and, support to law enforcement, environmental stewardship, and community assistance). In light of recent events, access to units and individuals of the Army Reserve short of a Presidential Selected Reserve Call-up (PSRC) has become increasingly critical. A prime example of the access dilemma occurred during Hurricane Andrew. The Army could not activate the USAR's 841st Engineer Battalion located in Fort Lauderdale, Florida in response to a request from Governor Childs. In this case, we were forced to rely on "unit volunteers" to fill the critical and time-sensitive needs. Our experience with using "unit volunteers" is mixed at best. Having to rely on the volunteer method to bring Army Reserve assets to bear on a disaster or emergency leaves us with the constant possibility of getting only half a unit or not all the skills needed within a unit for the situation. Also, in the case of Hurricane Andrew, we had Individual Mobilization Augmentees (members of the Selected Reserve) assigned to Federal Emergency Management Agency and trained in just the skills and procedures needed for this emergency, who could not be ordered to active duty short of the PSRC. Full partnership in the Total Army and unrestricted service to the nation requires that the Army Reserve be available, when and where needed, to perform those missions for which it has the "Army's share" of specific capabilities.

SPECIAL UTILIZATION - DOMESTIC ACTION

One of the unique features of the Army Reserve is that while it is part of the Total Army and the nation's defense force, it is also an integral part of the communities of this country. The Army Reserve is particularly well suited and situated to help address the ever growing demands of our domestic economy. The capabilities inherent in the Army Reserve lend themselves to assisting local communities in a variety of ways. Our force's capabilities can serve the dual purpose of military mission training and local assistance.

We are exploring ways to focus those competencies, in our force, to provide the types of assistance needed in the cities and towns of America and to provide meaningful training to our soldiers. This can be done in a wide variety of areas, including health care provision, infrastructure support, education, youth role modelling, drug demand reduction, and community relations to name but a few.

In summary, while the future presents many new challenges, I am totally confident that the men and women of the Army Reserve, when properly resourced and trained, can and will continue to do the jobs and accomplish the missions assigned to them. In these continuing times of tight budgets, our citizen-soldiers remain the best bargain in DoD.

NOT FOR PUBLICATION UNTIL RELEASED BY
THE HOUSE APPROPRIATIONS COMMITTEE

STATEMENT OF
REAR ADMIRAL THOMAS F. HALL, USN
DIRECTOR OF NAVAL RESERVE
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
DEFENSE SUBCOMMITTEE
ON
GUARD AND RESERVE
29 APRIL 1993

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THE HOUSE APPROPRIATIONS COMMITTEE



Rear Admiral

Thomas F. Hall, USN

***Chief of Naval Reserve,
Commander, Naval Reserve Force,
and Director, Naval Reserve***

Chronology of key former assignments:

- Commander, Iceland Defense Force/Fleet Air Keflavik
- Deputy Director, Naval Reserve
- Commanding Officer, Naval Air Station Bermuda and Bermuda Antisubmarine Warfare Sector
- Chief of Staff, Fleet Air Keflavik
- Commanding Officer, VP-8

A native of Barnsdall, Oklahoma, Rear Admiral Hall graduated from the U.S. Naval Academy in 1963 and was designated a naval aviator in 1964. He holds a Master of Science degree in Public Personnel Management from George Washington University and is a graduate of the Naval War College and the National War College. He was selected to flag rank in 1988 and in August of 1991 was promoted to Rear Admiral (Upper Half).

Rear Admiral Hall brings to the Naval Reserve a leadership style and focus developed through combat, fleet and staff assignments around the world. His assignments include command of Patrol Squadron EIGHT (VP-8), Naval Air Station Bermuda, Fleet Air Keflavik and the Iceland Defense Force. He has also served tours with the Chief of Naval Operations Strategic Studies Group and Head of the Program Objective Memorandum (POM) Development Section as well as several assignments in the Bureau of Naval Personnel.

Among his awards are the Defense Superior Service Medal, Legion of Merit (two awards), Meritorious Service Medal, Meritorious Unit Commendation, and various unit and campaign awards. In July 1992, RADM Hall was awarded the Icelandic Order of the Falcon, Commander's Cross with Star, by the President of Iceland.

Rear Admiral Hall is married to the former Barbara Ann Norman of Jacksonville, Florida. They have one son, Thomas David.

**1993 POSTURE STATEMENT
RADM THOMAS F. HALL, USN
CHIEF OF NAVAL RESERVE**

The Naval Reserve, more than 133,000 strong, continues its integration into a broad spectrum of Navy mission areas. As the Navy re-structures to accommodate the "... *From the Sea*" littoral strategy, so the Naval Reserve is re-structuring to enhance the Navy's capabilities as an integral member of the Total Force team.

Its force structure is being shaped to address the changing and dynamic requirements of a decreasing budget and the evolving new world order. This includes increasing responsibility for portions of CONUS-based naval mission areas. In addition, Naval Reserve forces are needed to ensure that we can respond adequately to potential major regional contingencies. They also have expanding peacetime roles, such as response to humanitarian crises and disasters, and counter-narcotics missions.

In both crisis and peacetime operations, Naval Reserve units are responsible for augmenting the entire range of Navy component organizations, from ships to shore staffs. In many cases, Reserve units are assigned the responsibility of providing the step increase in operational efficiency required to attain a full crisis footing. To properly address these responsibilities, Naval Reservists and Naval Reserve units are working more closely than ever with their gaining commands. For example, Reservists assigned to Commanders' staffs play a vital role in planning and executing exercises and providing surge augmentation during crises.

Recent history has reconfirmed the reliance the nation places on its Reserve forces. During Operations DESERT SHIELD and DESERT STORM, more than 21,000 Naval Reservists were called to add their specialized civilian skills and military expertise to those of their active duty counterparts. As they had in Puerto Rico following the devastation of Hurricane Hugo in 1990, last year Naval Reservists responded in Florida to Hurricane Andrew's aftermath, providing emergency assistance to some of those hardest hit, clearing the rubble of that natural disaster and assisting in the rebuilding effort. And, more recently

Naval Reservists are assisting in Operation RESTORE HOPE in Somalia, both in-country and at home by supporting active duty units deploying to Somalia and backfilling to accomplish vital work normally assigned to the deployed active duty forces.

Counter-Drug Activities

The Naval Reserve is heavily involved in the Navy's effort to reduce the nation's drug abuse problem. The Naval Reserve continues to provide fully-integrated operational support to the Navy's counter-narcotics effort. Naval Reserve ships routinely provide approximately ten percent of the total surface effort, with Naval Reserve aviation squadrons providing approximately six percent of the total air effort in these joint task force operations. These Reserve efforts are expected to increase in FY-94.

Campaign Drug Free, a Naval Reserve community service program devised to educate young people about the dangers of drug abuse, is attacking the "demand" side of the drug problem. This program has been designated by the Chief of Naval Operations as one of five of the Navy's community service flagship programs. Working closely with other military and federal agencies, the Naval Reserve is taking the message to the young people in American schools: "You don't need drugs or alcohol to be happy, accepted or successful." The volunteer citizen-sailors and Marines are encouraging these youth to be "somebody" drug-free.

Peacetime Contributory Support

A major effort in the Naval Reserve is the role of peacetime contributory support to the fleet, which provides the active Navy with more day-to-day support by Reservists. In addition, it offers a means of using the extraordinary depth of talent and professional achievements of Naval Reservists to help commands maintain mission readiness and service levels in the face of severe budget constraints and the adjustments required while downsizing.

With increased warning times, the Naval Reserve is re-orienting some units to have differing tiers of readiness. This allows certain units more flexibility in their drill employment, and as a result they can provide more "real" contributory support to their active

duty gaining commands. This innovation responds to the reality of a decreasing budget and the adaptability required in an uncertain, multi-polar environment.

To enhance peacetime contributory support the Naval Reserve -- as well as the gaining command -- will utilize flexible drilling. Instead of the traditional one-weekend-a-month, two-weeks-a-year drilling that has become the norm for the Naval Reserve, Reservists will be able to volunteer to combine drills and two weeks of active duty as needed by the gaining command.

An example of the changes being implemented now involves alignment of Reserve Construction Battalions (Seabees) under the direct operational control and responsibility of the Commanders-in-Chief of the Atlantic and Pacific Fleets. By employing flexible drilling, the Reserve Seabees will be able to complete construction projects in a far more efficient and cost effective way. Reserve medical personnel are also being employed in medical treatment facilities in a more flexible manner to provide CHAMPUS cost savings and other economies.

Naval Air Reserve Force

To take advantage of the extensive training and experience of many of our most proficient and combat tested aviators, two Reserve Carrier Air Wings will provide nearly 100 percent of the electronic warfare simulation and more than 60 percent of adversary support to the Fleet. The policy of horizontal integration of modern aircraft within the Reserve Carrier Air Wings will continue, enabling Reservists to remain current in fleet-compatible equipment as they train for crisis response.

Two HCS squadrons of the Naval Reserve Helicopter Wing, with their Navy-unique HH-60H helicopters, provide 80 percent of the combat (strike) search and rescue, and special warfare, support capability resident in the Navy. Naval Reserve helicopter squadrons also provide significant contributions to the Navy's airborne mine countermeasure mission, and CONUS-based vertical on-board delivery and combat support missions.

The Fleet Logistics Support Wing continues to provide invaluable contributory support to the operating forces and enjoys enhanced capability as C-130T and high speed, cargo

capable C-20G aircraft are assimilated. Deployed units will benefit from additional squadron detachments from Fleet Logistics support with a total of four C-9/C-130 aircraft deployed to the Mediterranean and Western Pacific. Additionally, six Reserve maritime patrol aircraft squadrons in the two Reserve maritime patrol wings now fly the P-3C, with the Navy's long-range plans calling for all squadrons to have the P-3C by 1996. To further fleet integration, a trial program is underway in Jacksonville, Florida, to fully integrate a Reserve squadron, VP-62, into the operational tasking and scheduling of Patrol Wing Eleven, an active air wing.

Naval Surface Reserve Force

In the Naval Reserve Surface Force, older, less-capable ships have been retired so that the number of ships will stand at 32 by the end of the fiscal year. This includes 16 modern and capable FFG-7 class frigates, which are utilized in a variety of fleet missions.

In these days of a smaller surface fleet, other Reserve ships are expected to retire during FY-94, including four MSOs, eight FFTs, and two LSTs. However, in 1995, the first of 11 Coastal Minehunters (MHC) will join the Reserve Surface Force, taking on a littoral mission in keeping with our new maritime strategy outlined in the White Paper, *"...From the Sea."*

The Naval Reserve's Mobile Inshore Undersea Warfare (MIUW) force provides the Navy's entire capability in sea-air-land deployable surveillance to protect strategic inshore maritime areas. More than 2,000 Reservists, TAR and USN personnel are organized in 28 commissioned MIUWUs and two IUW group staffs. Their Radar Sonar Surveillance Center (RSSC) vans provide a radar, sonar and communications capability tantamount to that of a frigate. Three MIUWUs were recalled during Operations DESERT SHIELD/STORM and deployed to the Persian Gulf region. From October 1990 through April 1992, one MIUW van was deployed to support drug interdiction and counter-narcotics operations. Manning was provided on a rotating basis by units performing annual training. The Naval Reserve continues to improve the capabilities of this proven command, and as it shifts its emphasis to littoral missions, potential contributions will be even more significant.

Many other units within the Surface Force also have a littoral warfare mission and make up much of the Total Force's capability in that area. More than 40 percent of the Navy's capability in Explosive Ordnance Disposal, 50 percent of the Mobile Diving and Salvage Units and Special Boat Units, and 90 percent of the Cargo Handling Battalions are in the Naval Reserve.

As a result of the logistics lessons learned from Operation DESERT STORM, two new Reserve units, Naval Reserve Logistics Task Force Headquarters and Task Force Pacific Headquarters 120, have been established to support the Fleet Commanders. These augmentation units, which consist of logistics experts, will be key players in the littoral warfare mission area and future crises response support.

Summary

The changing nature and mission of the Naval Reserve is a reflection of the changes the U.S. Navy is making in response to this new world order. As the Navy becomes smaller, as its missions change, the Naval Reserve's missions will change to complement the active force. The Naval Reserve will:

- ♦ be more closely linked with the active Navy as more Naval Reservists and Naval Reserve units drill at their gaining commands;
- ♦ provide greater real-time, everyday support to the regular Navy by providing greater drilling flexibility for Reservists, and by accepting more missions from a smaller regular Navy; and,
- ♦ continue to restructure in a balanced way to support the needs of the Total Force. This will mean examining the Naval Reserve's mix of USN/TAR full time support; streamlining its infrastructure; and balancing mobilization requirements with peacetime contributory support.

The Naval Reserve's commitment to our Nation and the Navy remains the same as when those first citizen-sailors walked the decks of their wooden ships in our War for Independence. It is ready to serve with pride and distinction, in war -- and in peace.

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON DEFENSE

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: Fiscal Year 1994 Air Force Reserve Program

STATEMENT OF: MAJOR GENERAL JOHN J. CLOSNER
Chief of Air Force Reserve
Headquarters, United States Air Force

APRIL 1993

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BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

MR CHAIRMAN AND MEMBERS OF THE COMMITTEE. Thank you for giving me the opportunity to appear before this Subcommittee to share with you the status of the Air Force Reserve and my view on the future challenges we face.

YEAR IN REVIEW

1992 was a year of relative peace around the world, but the Air Force Reserve was busier than ever. We flew more than 150,000 hours to all corners of the globe, supporting the national interests of the United States. This translated to one-third of the Air Force's airlift requirements. We did this as a byproduct of our normal training and by relying on volunteers. In every case, we were ready when called, responding immediately with no need for additional training. In fact, during 1992 more than 99 percent of Air Force Reserve units were mission-ready and able to deploy within 72 hours.

In 1992, Air Force Reservists served around the world, just as they are today. At the height of our efforts in Somalia, there were 443 Reservists on active duty; all were volunteers. We flew thousands of tons of relief supplies into Moscow, Mongolia, the Middle East, Sarajevo, and Somalia. In December, Air Force Reserve F-16s became the first Reserve fighters to patrol the no-fly zones over northern Iraq. All the while, we met our Phoenix Oak commitment to fly C-130 shuttle missions between diplomatic posts in Central and South America. Reserve medical personnel and civil engineers traveled to Panama, Honduras, Ecuador and other locations throughout Central and South America to build, improve, or repair schools, clinics, water supplies, and roads.

Closer to home, we fought forest fires in California, rescued people from mountainsides and out of the sea, and worked more than 25,000 mandays in support of our nation's anti-drug efforts. Reservists flew 63 weather missions into 8 storms in the Atlantic and Central Pacific Oceans. When Hurricane Andrew devastated south Florida and parts of Louisiana, Air Force Reserve crews flew 750 sorties, carrying more than 2,600 tons of badly needed supplies. Reservists from the 301st Rescue Squadron were among the first to witness the absolute destruction of the Homestead area and provided the only helicopter rescue capability for several days. Although many unit members lost everything they had to the storm, they volunteered for duty without being called and worked around the clock in primitive conditions to continue their mission. They saved 137 lives during those first hectic days.

This is just the tip of the iceberg because these accomplishments were preceded by countless hours of preparation, maintenance, and training. Every Reserve aircrew was supported by hundreds of other Reservists behind the scenes, taking time from families and civilian jobs to accomplish the mission.

In 1992, the Air Force Reserve provided 20 percent of the Air Force's combat capability with barely 80,000 people.

STRENGTHS AND LIABILITIES

Our ability to accomplish a major portion of the overall Air Force mission for a small fraction of the Air Force budget is well known. It has been suggested that more capability should be moved from the active force and placed in the Reserve. The RAND Study points out that the Air Force Reserve is the best organized and most mission-capable of all the reserve forces because the Air Force holds them to the "same readiness standards expected of the active units." Additionally, the Air Force "provides its reserve components with funds, equipment, and full-time personnel that allow for greater training opportunities." The study also suggests that some programs unique to the Air Force Reserve might work well for other reserve forces.

The strength of the Air Force Reserve is people. We depend on our Reservists to get the job done; on their families to support what has become a second full-time job; and on their employers who are committed to allowing their best employees time away from work to answer their nation's call. If we lose the support of any of these groups, we lose our effectiveness.

A unit-assigned Reservist trains at least 39 days a year -- remember that our primary mission is training and war readiness. Lately, we have been more involved in humanitarian, peacemaking, and peacekeeping work. Our peacetime operations tempo is at an all-time high. When we add up the actual number of days Reservists averaged in 1992, we find that they often worked two or three times their basic requirement.

VOLUNTEERISM

Volunteerism in the Air Force Reserve runs high. During the opening days of Operation Desert Shield, 15,000 Reservists volunteered for 5,000 jobs. This sense of patriotism and professionalism provides a greater degree of response to almost any contingency by bridging the gap between immediate need and our capability to respond. However, the spirit of volunteerism has a limit and we must be careful not to run the well dry. Last year, Reservists gave the Air Force an average 80 days a year -- twice as many days as they are required to do. Reserve aircrews served from 100 to 175 days. With our higher peacetime operations tempo, some airlift pilots who would normally log 25 hours a month are being waived to fly as many as 150 hours a month.

These higher demands will eventually take a toll on our recruiting and retention efforts. Pressures from families and employers will eventually have an effect, and we will lose good people. Replacing Reservists with experienced people will become more difficult as the pool of trained personnel leaving active duty dries up. If we have to recruit a larger number of non-prior service personnel to meet our manning requirements, our costs will likely increase.

FAMILY SUPPORT PROGRAM

The Air Force Reserve recognizes the direct link between a Reservist's morale and readiness and the well-being of his or her

family. Operation Desert Storm demonstrated the need for a structured Family Support Program. Unlike active duty families, Reserve families are scattered and often lack the same sense of community. The Air Force Reserve's Family Support Program helps families adapt to the unique demands of Reserve life.

Our program places full-time civilian directors on all AFRES bases. They assist commanders in responding to family concerns through education; information, referral counseling and follow-up; family program policy, planning, and coordination; and leadership consultation. In addition to full-time directors, designated Reservists are assigned at each unit as family support specialists. On bases with active duty family support centers, a Reserve family support liaison assists in day-to-day operation of the center.

EMPLOYER SUPPORT PROGRAM

Employer understanding and support of the Air Force Reserve is absolutely vital to our success -- without it we cannot hope to maintain a quality force.

The Air Force held its first Employer Feedback Meeting in 1992. We invited leading employers from around the country to meet in a working session at Robins AFB. Thirty-six participants from industry, health services, transportation, and government organizations took part. We exchanged information and ideas on mobilization issues that surfaced during Operation Desert Storm. The employers gave us excellent feedback and left the meeting more enthusiastic about the Air Force Reserve than ever. We found that employers want to support their Reservists, but need a full understanding of what is expected of them. In return, they told us what we can do to help them plan for future contingencies. A follow-up meeting is scheduled for September 93.

NATION BUILDING

During 1992, Air Force Reservists worked with the people of Honduras, Ecuador, Trinidad, and other Central and South American countries, building and repairing schools, medical facilities, and roads. They also provided health and dental care, dug wells, and improved communication networks. While working quietly "with" the people rather than "for" the people, Reservists provided needed humanitarian assistance and developed grassroots goodwill. At the same time, aircrews, civil engineering, logistics and medical units trained for their wartime missions.

Reserve nation-building efforts also benefit the United States' anti-drug program. Each positive event in a rural village reduces the influence of local drug lords. As in any guerrilla war, raising the local quality of life increases hope and makes working for drug rings less attractive.

COUNTERDRUG ACTIVITIES

Air Force Reserve support of the National Drug Control Program is second only to maintaining combat readiness. We have been involved in this effort since 1991. In 1992, the Air Force

Reserve flew 962.7 hours and used more than 25,000 mandays to support counterdrug operations. Law enforcement requested our helicopters for marijuana eradication, for travel to and from suspected drug activity locations, and to transport prisoners from remote areas. We used our aircraft's airborne sensor capabilities to detect illegal drug activities and airlifted law enforcement teams and prisoners within CONUS. Air Force Reserve civil engineers constructed an aircraft hangar in the Bahamas for use by drug law enforcement teams; the Air Force Reserve Band regularly presented drug awareness and prevention programs to middle school and high school students in an effort to reduce the demand for drugs. Reservists were involved in listening post and observation post operations, intelligence analysis, language translation, and technical training of law enforcement agencies. We provided materiel storage and temporary housing for the witness protection program at some Reserve installations.

The Air Force Reserve strongly supports civil law enforcement agencies and will continue to participate in these activities to the full extent allowed by law and the budget.

FORCE STRUCTURE

THE AIR FORCE RESERVE ASSOCIATE PROGRAM

We are especially proud of the Air Force Reserve's associate unit program. It is both cost and mission effective. Supplementing the active force with Reservists who fly and maintain active duty aircraft continues to benefit the Air Force and our nation. The recent RAND Force Mix Study documented its success and praised its utility during Operations Desert Shield and Desert Storm. There are currently nine Air Mobility Command (AMC) associate C-141, C-5, and KC-10 wings/groups, and one Air Combat Command associate KC-10 group located around the country. A C-17 associate squadron is scheduled for Charleston AFB, South Carolina. As we grapple with a shrinking budget and force structure, the associate program continues to be a cost effective and viable force multiplier. Future growth into other associate missions look promising. Several missions such as tankers, strategic airlift, airborne command and control, conventional strategic bombing, communications and space operations are particularly well suited for associate units.

However, the fighter associate option presented by the RAND Study needs additional thought. I question the RAND assessment that the active component could draw down to seven fighter wing equivalents, shift mission responsibility to the reserve components, and suffer little degradation in combat readiness. However, the technology behind modern fighter aircraft works against their being readily reconstitutable from storage, and the skills necessary to fly, fight, and win in today's environment take years to acquire. While we can perform any Air Force mission, the cost effectiveness of some may be greatly reduced if we require extensive training to carry it out. Wartime planning must also consider Reserve capabilities and plan for their use early -- something planners have been reluctant to do. If we give active force missions entirely to the Reserve and require these missions early in a contingency, then our leaders must also

be committed to an early use of Reserve forces and act accordingly.

COMMAND AND CONTROL

The Air Force Reserve's high state of readiness and capability results from Reservists leading Reservists. Because no one understands our unique blend of skills and needs better than we do, our leadership structure is manned almost entirely by Reservists. Active duty gaining commands establish our operational readiness standards, periodically inspect us, and validate our ability to meet these readiness levels. Reservists manage day-to-day activities to maintain unit continuity and to conduct training programs.

AIR FORCE RESERVE SPACE OPERATIONS

The Air Force Reserve recently activated its first space unit. The 7th Space Operations Squadron (Associate) is located at Falcon AFB, Colorado, and augments the 1st Space Operations Squadron. Operation Desert Storm surfaced the need for additional manning in satellite operations squadrons in order to meet wartime demands for military satellite support. Because Reserve personnel operate active force equipment, this associate unit provides the needed wartime surge capability at minimal cost.

IMPACTS OF BASE CLOSURES

Air Force Reserve units figure heavily in the most recent base closure and realignment actions. If base closure actions require the Air Force Reserve to assume base operational support requirements for entire bases or cantonment areas at closed bases, we must also receive funding equal to this additional responsibility. Maintaining airfields and real estate while providing services and utilities for what amounts to a small town is no mean feat.

Air Force Reserve units are most effective when located near the large urban areas where our Reservists typically work. Moving a unit from a base close to a population center to an isolated location severely reduces our ability to recruit the skilled people we need.

MANPOWER REQUIREMENTS

The Air Force Reserve routinely operates with the minimum number of personnel required to accomplish our mission. As the active force draws down, new missions are being transferred to the Reserve. Adding new missions without adding the necessary manpower creates an untenable situation, forcing the Air Force Reserve to take already limited resources from existing programs to fund the manning requirements of new missions.

NEW MISSIONS IN THE AIR FORCE RESERVE

The changing roles and missions and evolution of the active force will lead to changes in the Reserve. A number of new missions are being considered for the Air Force Reserve. While

we are able to assume any mission given us, the Reserve may not always be the best, most cost-effective vehicle for some. The quality process demands that we consider our customer and whether a course of action results in value-added. The Air Force Reserve Executive Group and key members of the Reserve's air staff matched our strengths and weaknesses against possible new missions. Most important to our assessment was the identification of our core competencies. They represent the things we do better than others and are excellent candidates for inclusion as criteria upon which to judge future roles and missions.

Our core competencies are:

COST EFFECTIVENESS: The Air Force Reserve provides combat ready forces at the lowest cost per person of all Air Force components.

COMMAND, MANAGEMENT, AND LEADERSHIP STRUCTURE: The Air Force Reserve provides the best and most responsive reserve air force in the world by skillfully blending part-time Reservists with full-time technicians to give us a combat-ready capability that is deployable worldwide within 72 hours.

ASSOCIATE UNIT PROGRAM: This unique Air Force Reserve program provides a cost effective avenue for maintaining combat readiness by having separate Reserve and active units share a single set of equipment, allowing the aircraft to be operated at their maximum capacity at lower manpower costs.

INDIVIDUAL MOBILIZATION AUGMENTEE PROGRAM: The Air Force Reserve provides trained Reservists to active duty units to augment unit manning during wartime surges. IMA's train with their units during peacetime and are able to immediately assume wartime taskings.

RESERVIST PROGRAM: Reservists are the strength of the Air Force Reserve. Our goal is to continue to attract quality people and to maintain combat readiness without losing sight of the unique needs and potential of the men and women who make the Air Force Reserve work.

These core competencies helped us develop extensive, broad-based criteria to more objectively assess future missions. The criteria also include many other factors such as affordability, supportability, environmental impact, demographics, and recruiting.

We can accept new missions and look forward to more involvement in space operations and the planned shift of some of the bomber force to the Reserve. However, we caution that as we assume new, more costly, more manpower-intensive roles in the Total Force, we also must have the money and manpower authorizations with which to carry them out. If the sole reason for giving new missions to the Air Force Reserve is to save money, then these missions must be carefully chosen to ensure there is value added for our customer, the American taxpayer.

TOTAL QUALITY

Three years ago, Air Force Reserve leaders realized the need for a radically different management strategy and made a commitment to introduce Total Quality throughout the Air Force Reserve. We began by surveying the various schools of quality management, and taking from them the tenets that best fit our needs. We trained our senior leaders and cascaded the training down through the men and women who turn the wrenches and make the Air Force Reserve work. Results are remarkable. We are still on the road to quality, refining our process and reaping benefits daily. Two recent examples of our application of the quality process involve two units half a continent apart.

As part of their quality training, the 301st Rescue Squadron, Homestead AFB, Florida, determined that they needed a way to contact their personnel if a natural disaster knocked out all communications capability. Their quality training led them to a detailed post disaster recall plan, which they energized immediately following Hurricane Andrew. In spite of the complete devastation of the area, the unit was able to account for all its personnel within a matter of hours, and began 24-hour operations at a time when no other airborne rescue capability was available.

At the 419th Fighter Wing at Hill AFB, Utah, a process action team revamped a complex F-16 maintenance process, cutting time by 50 percent and increasing reliability to 100 percent. This application of the quality process will save \$16,000 annually at this unit alone.

Our commitment to support a quality culture in the Air Force Reserve will result in an Air Force Reserve better able to meet its commitment to Global Reach and Global Power for America.

APPROPRIATIONS

In 1993, we reduced unit flying hours. We also reduced other unit budgets, headquarters manning, and our travel schedules to the bare minimum. While every part of the Air Force faces similar challenges, ours is particularly difficult. Over 90 percent of our O&M appropriation finances flying programs and pay for our full-time support personnel, leaving very little discretionary funding.

Air Force Reserve appropriations fund operating expenses, personnel pay for civilians (including Air Reserve Technicians) and military members, and facility construction. Table I depicts our FY 1992 actuals, current estimate for FY 1993 and FY 1994 budget request:

TABLE I

Total Program Amounts, FY 1992 to FY 1994

by Appropriation

(\$ in Millions)

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>
Reserve Personnel, AF (RP, AF) *	721.6	737.8	772.7
O&M, USAFR	1154.7	1224.1	1,354.6
MilCon, USAFR	9.7	29.9	55.7
Reserve Equipment, USAFR	362.0	124.8	0
Total	2,248.0	2,116.6	2,183.0

* FY 1993 includes \$8.8M for Hurricane Andrew Supplemental

The Reserve Personnel, Air Force (RP, AF) appropriation finances training programs that provide trained units and individuals required to augment the active force. In addition to minimum training requirements, additional training is provided for a number of select members to acquire and maintain skill level proficiency and to accomplish mission assignments. We provide personnel called to active duty for administration and management of the Air Force Reserve, and recruiting for Air Force Reserve programs. Funds also support the military personnel costs of students enrolled in the Senior and Junior Air Force Reserve Officer's Training Corps (ROTC) and F. Edward Hebert Armed Forces Health Profession Scholarship and Financial Assistance Grant Programs.

The FY 1994 request of \$772.7 million includes price growth of \$9.4 million and real program growth of \$34.3 million. The increase supports our new bomber and Space Command and Transportation missions; a restructure of education training during each phase of a reservist's career; 80 additional Junior ROTC detachments; and programmed conversions involving C-141B, C-17, KC-135R and C-130 aircraft.

The FY 1994 end strength request is 81,500 which is 800 below the authorized FY 1993 level of 82,300.

The Operation and Maintenance Air Force Reserve (O&M, USAFR) appropriation finances the day-to-day operating expenses of Reserve units and supports the primary mission of the Air Force Reserve, which is to develop, train, and maintain combat ready units and individuals required to augment the active forces during wartime and other contingencies. The major portion of this appropriation is for "must pay" requirements such as pay for civilian personnel and military technicians and aviation fuel and supplies that support the approved flying hour program. We also finance depot-level equipment maintenance from this appropriation. The depot maintenance program enhances the

serviceability of our aircraft and engines at a fraction of their original acquisition cost. Overall, the O&M appropriation has financed the accomplishment of our primary mission while sustaining and improving our combat readiness.

The \$1,354.6 million budget request for FY 1994 supports price increases of \$82.3 million and a growth in program of \$15.4 million and a functional transfer of \$32.8 million for real property maintenance. The funds were previously moved to military construction but have been returned to O&M. Other growth is due to the conversion from smaller and lighter F-16s and A-10s to heavier KC-135 and bomber missions and the transfer of C-141 aircraft to the Air Force Reserve. Also, the gain of MH-60G helicopters from special operations causes a significant increase in O&M since these costs were previously funded by O&M, Defense Agencies.

The Military Construction, Air Force Reserve (MilCon, USAFR) appropriation provides for acquisition, design, construction, expansion, rehabilitation and conversion of facilities for the operation, training, and administration of the Air Force Reserve. The FY 1994 budget request of \$55.7 million consists of 16 projects in 12 states and \$3.9 million for unspecified minor construction. This MilCon budget request represents a very modest investment in the renewal, replacement, and revitalization of our physical plant, valued in excess of \$3.2 billion.

Appropriation actions in FY 1992 and 1993 made the most effective use of previously appropriated funds from canceled prior year projects. We will use \$11.1 million from canceled Air Force Reserve FY 1990 and 1991 projects to partially fund our FY 1992 budget request of \$20.8 million, and \$11.48 million from other canceled FY 1989, 1990, and 1991 projects to partially finance FY 1993 projects. In the interest of the taxpayer, these actions allowed us to use previously appropriated funds from canceled projects to address urgent facility construction requirements. These appropriation actions have used all available prior year funds--our budget request for FY 1994 and 1995 cannot be reduced through similar actions.

RESERVE REQUIREMENTS/WEAPON SYSTEMS UPGRADES

It has been 10 years since the Air Force Reserve received its first "0350" funding. During this time, we used 99 percent of the funds to improve our combat capability. Congressional support allowed us to take the lead in several important programs--airlift defensive systems and the F-16 220E Engine Upgrade are very timely examples. Reserve-pioneered airlift defensive systems provided the right equipment at the right time. American airlift crews depend on this capability every day in hotspots around the world.

As our operations tempo increases with the changing world situation, our equipment is being worked to the limits of its endurance. Operational requirements and safety demand that we keep our aircraft in the best condition possible. This requires sufficient funds to cover spare parts and maintenance, and the airframe and engine modifications necessary to keep pace with changing requirements. The Air Force Reserve has the first

operational F-16 unit equipped with the 220E engine upgrade. Our safety and maintenance records with these engines prove this was a wise choice.

We also produced and fielded a "Mega Data Transfer. Cartridge" for our F-16s. This device uses readily available "off-the-shelf" technology to provide a digital terrain mapping system, and growth potential for training and electronic warfare applications. We are working to find an additional low cost flare/chaff capability for our F-16s, and are testing an Integrated Electronic Warfare System. These modifications alone will substantially improve combat capability and survivability by reducing pilot workload.

I am very proud of our efforts in training devices and simulation. Today's technology allows us to build exceptional realism into simulation, offering substantial savings and a level of safety new to us. The Air Force Reserve's F-16 Multi-Task Trainer is a low-cost F-16 Operational Flight Trainer equivalent and is an excellent example of the state of the art. For less than \$1 million per unit, it offers a self-contained, high fidelity environment of exceptional realism. I want to thank you for your support in getting a C-5A simulator for Westover AFB, Massachusetts. It is a success in its own right. We are now examining the possibility of using it for additional training events. On the basis of our experience with our C-5A simulator, we are exploring the use of C-5 and C-141 simulators at several locations.

We continue to explore training devices as a way to make the Reservists' limited training time as productive and meaningful as possible. Our security police have fielded a "firearms training simulator," which negates most of the environmental concerns associated with a live firing range.

Advances in computer technology allowed us to insert capabilities into our aircraft for a relatively low cost while greatly increasing their survivability and combat capability. We will start installing receiver/processors in our ALQ-131 Block II electronic countermeasures pods in June 93. When the installation is complete, we will have 44 upgraded pods for our fighters. We are also examining options for conducting night combat.

The new world order places high demands on our C-141 fleet. As the fleet approaches 30 years average age, the airplanes suffer from structural cracks, flight restrictions, and decreasing capability. I am concerned that our C-141s may not be able to meet the ever increasing demands for airlift. To maintain a viable airlift capability, the C-141 transports must be either repaired or replaced. The C-17 is a viable answer to our airlift dilemma. Your support of this weapons system is essential for Global Reach requirements.

The cost of modifying Reserve weapons systems is substantial. For example, the cost to install a modification package including a radar altimeter, satellite communications, and digital flight recorder on 100 of our C-130s is more than \$3.3 million. It will cost \$17.9 million to install

modifications to the main landing gear of our C-5As, and another \$17.4 million for C-5A malfunction analysis data and reporting systems (MADARS) modifications that are crucial for integrating approved airlift defensive systems. Reserve C-141s require \$2.8 million to install minor modifications for satellite communications, strobe lights, and secure high frequency AN/ARC-190 radios to replace current unreliable and unsupportable equipment. Modifications to the wing boxes of the C-141 fleet to extend its service life in lieu of buying a new airlifter will cost at least \$2.4 million per aircraft. Installation of these modifications is essential if the Air Force Reserve is to maintain an acceptable state of combat readiness.

Another issue that will impact us is the move to two levels of maintenance. The Air Force currently has three levels of maintenance: organizational, intermediate, and depot. The two-level maintenance plan eliminates the intermediate level. Previously, component repair was accomplished at intermediate level. This requirement will shift to the depot. I fully support the concept of two levels of maintenance, especially in light of the significant improvements in Mean Time Between Failure (MTBF) rates for avionics and other components. However, the Reserve operates older aircraft which, without modifications, will not achieve the MTBFs on which two-level maintenance is based. We need a balanced approach. Our aircraft components should be upgraded to realize the potential of increasing MTBFs as we transition to two level maintenance. This ensures an orderly transition without adverse impact on readiness.

Our aging AC-130A gunships, some of which are nearly 40 years old, continue to present logistical challenges. I strongly support the Air Force's efforts to field the AC-130U gunship to replace its AC-130Hs. The Air Force Reserve is programmed to get the H-models as replacements for our AC-130As.

Deployed active duty flying units are supported by a deployable communications element, either a wing initial communication package or mobility initial communications kit. There was no equivalent capability in the Reserve. In the past year, Air Force Reserve communications units were re-missioned to include direct support for individual Reserve flying units. We call this organic communications. This was accomplished without changes in Reserve manpower. Unfortunately, we are not able to equip these units comparably to active duty units. To be fully combat capable, they need portable UHF/SHF satellite capability and additional portable radios.

AIR FORCE RESERVE PERSONNEL ISSUES

MONTGOMERY GI BILL

The Reserve Montgomery GI Bill continues to be a valuable recruiting tool for the Air Force Reserve. Currently, more than 18,000 Air Force Reservists have participated in this program. I want to thank Congress for its support of this and other benefits and entitlements.

EDUCATION AND TRAINING

We are taking important steps to parallel active force professional development policies while still considering the unique circumstances surrounding a career in the Reserve. Not only must a Reservist be able to attain his or her goals and aspirations, but we must also mold these Reservists into the leaders of the 21st century.

With this in mind, we opened many professional military education (PME) course opportunities to Reservists, and we developed a quality-based selection process to put the right people in the right development courses. In an environment of tightening budgets, we are particularly sensitive to getting the most from limited resources.

I am very encouraged to see the addition of computer-aided simulation and instruction to many non-resident curriculums. I strongly support simulation initiatives because they offer very realistic training at an affordable price.

UNDERGRADUATE PILOT TRAINING FOR RESERVISTS

A reduced active force means an increased reliance on the Air Force Reserve. A smaller active force also means there will be fewer prior-service pilots available to fill Reserve cockpits. Hiring experienced pilots who leave active duty allows the Air Force Reserve to maintain a higher level of combat readiness at a lower cost than the active force.

However, the pool of available pilots will soon dry up. Our studies show that even if we could recruit all of the separating active duty pilots (we typically get about 40 percent), we would still fall short of our requirements. Our only recourse is to accept pilots directly from Undergraduate Pilot Training (UPT).

Pilots fresh from UPT help us fill our cockpits, maintain a stable force, and fill vacancies at geographically remote units that often have difficulty recruiting prior active duty pilots. Training young pilots at UPT helps keep the overall age and rank structure of pilot force down, enables us to hire more minorities, and provides a recruiting incentive that helps cement strong community relations.

TENURE AND RETENTION

Force management issues continue to dominate our military personnel program. The enlisted high year tenure program and our new tenure and assignment policy for line lieutenant colonels are service-specific programs to provide a fluid career path for our people. These policies improve age and physical fitness levels to better meet our mobilization requirements.

Both tools were crafted to ensure they affect only Reservists who will meet all requirements for receipt of retired pay at age 60. Additional protective measures were included for Reservists employed as Air Reserve Technicians (ARTs) to ensure they are not separated prior to attaining eligibility for a full civil service retirement annuity. These policies help the Air

Force Reserve improve promotion opportunities and avoid grade stagnation. They also enhance our ability to offer opportunities to prior service personnel separating from the active components.

AIR FORCE RESERVE RECRUITING

Part of the cost-effectiveness enjoyed by the Air Force Reserve is a product of recruiting fully trained prior service personnel. As the active duty draws down to base force levels, we face a shrinking pool of available prior service personnel. To meet our future manpower requirements, we will be recruiting non prior service personnel. Demographics show this pool of 18-25 year olds is also shrinking. The most recent Youth Attitude Tracking Survey shows a decline in interest in military service among this group. Continued incentives such as enlistment bonuses and education benefits are essential if we are to continue to recruit a quality force. Your support in funding these programs is appreciated.

We experienced an 8.3 percent reduction in recruiters in FY 91 and another 2.3 percent reduction in FY 92.

A network of health professions (HP) recruiting regions became operational in October 92. This regionally-oriented network places HP recruiters geographically closer to their customers and vital health care markets. HP recruiters were carefully screened from the recruiting ranks and are receiving intensive training in recruiting healthcare professionals. An effective national HP recruiting program allows us to be flexible in meeting ongoing and future medical manning needs and helps preserve the quality of officers being recruited.

AIR RESERVE TECHNICIAN PROGRAM

The successful accomplishment of the Air Force Reserve mission comes in large part from our full-time support program. About 25,000 Air Reserve Technicians (ARTs), federal civilian employees, statutory tour personnel, and active duty personnel ensure daily mission requirements are met and coordinate training for traditional Reservists.

About 10,000 Air Reserve Technicians are the critical link at the unit level; they provide essential continuity in organizations that are fully manned for only two days a month. ARTs work in dual status as Reservists and federal civil service employees. Nearly all senior leaders in the Air Force Reserve are ARTs.

The 1991 RAND report on Manning Full-time Positions in Support of the Selected Reserve found that the Air Force Reserve program is well managed and is ready and able to perform mission taskings. This is the result of two things: careful management of our full-time support program and the solid support it receives from Congress.

STATUTORY TOUR PROGRAMS

Title 10 of the U.S. Code provides for a limited number of 4-year active duty tours for officers and enlisted members of the

Air Force Reserve. The number of these full-time positions actually funded, and therefore filled, has not kept pace with demand. Requirements for statutory tour officers and airmen are increasing as the active Air Force draws down. At the same time, there is a reduction in our full-time active duty end strength, against which these statutory tours count. The shortfall between increased requirements and reduced end strengths translates into a disproportionate number of unfunded, and unfilled, authorizations. Not filling these positions severely limits expanded contribution by the Air Force Reserve capabilities to our customer, the active component.

Active end strength continues to decline as new requirements steadily increase. We will soon reach a point of diminishing returns and will find our manpower base stretched too thin to properly address the workload. Air Force Reservists on active duty tours of controlled length offer exceptional value by providing expertise and experience in much the same way as temporary professionals help staff American businesses. Employers are well aware of the fiscal benefits of such an arrangement. Reservists on statutory tour typically work full-time for 4 years then return to a Reserve unit to continue their service.

OVERVIEW OF MEDICAL PROGRAMS IN THE AIR FORCE RESERVE

The Air Force Reserve has experienced a significant net loss of physicians since Operation Desert Storm, although the scope of the problem was not evident until FY 92. The number of physicians leaving the Reserve is greater than normal, but the problem is more related to difficulty in recruiting new physicians. This is in spite of our best efforts to reorganize the medical recruiting program and the use of medical recruiters to work with medical officer candidates. We are developing additional, more flexible programs that we believe will attract busy clinicians to the Reserve. We actively use the test bonus program provided by Congress and find it to be vital to our recruiting efforts.

During the past year, we developed and instituted a system of medical continuation training. This training builds on and sustains basic clinical skills, and is intended to benefit Reservists who do not work in health care settings in their civilian jobs.

Of the many lessons from Operation Desert Storm, we learned that standard medical unit configurations should be adjusted for regional conflicts. Many units previously tasked for a war in Europe are being converted to more flexible response packages. We also plan to reduce the number of aeromedical evacuation crews and provide much-needed strengthening of aeromedical evacuation ground support.

THE AIR FORCE RESERVE AS A COMPONENT OF THE TOTAL FORCE

Congress defined the Air Force of the United States in the Authorization Act of 1949. It was to consist of the Regular Air Force, the Air National Guard of the United States, the Air National Guard while in the service of the United States, and the

Air Force Reserve. Today, Regular, Air National Guard and Reserve forces operate the same equipment and train to the same standard, each equally capable of accomplishing a given mission. The Total Force Policy of 1973 calls for drawing trained and equipped forces from the three components to meet the operational requirements of gaining commands. Air Reserve Component participation in every contingency since the Korean Conflict proves this triad to be a sound concept. In today's environment of rapid and decisive response to locations anywhere on the globe, it is a given that the United States cannot effectively project Global Power without Air Force support. Likewise, the Air Force cannot provide Global Reach or Global Power without the Air Force Reserve.

We are not a force to be held in reserve, we are an integral and essential part of the national defense. Air Force Reserve combat and support units, and the individual mobilization augmentees who support active duty units, are available within 72 hours of recall, and need no additional training prior to deployment. This is our standard and an important reason the Air Force Reserve is not only an excellent value for the American taxpayer, but an essential and affordable part of our national defense structure.

CONCLUSION

In summary, the combat readiness and war fighting capability of the Air Force Reserve ensure a vital Total Force. Modernization and readiness training continue to be our primary focus as we strive to maximize our ability to defend this nation during a time of reduced defense spending.

We take pride in the many accomplishments of our Reservists in 1992. We owe a special vote of thanks to their families and employers, because without their support, the absences from home and office, attendance at frequent training activities, and continuous availability would be impossible.

Finally, your continuing support to Reservists is essential, reassuring, and gratifying. It promotes a quality force dedicated to protecting our ultimate customer, the American taxpayer.

This concludes my prepared statement, Mr Chairman. I am ready to respond to your questions.

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ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

STATEMENT OF
MAJOR GENERAL JEFFREY W. OSTER
UNITED STATES MARINE CORPS
ASSISTANT DEPUTY CHIEF OF STAFF
FOR MANPOWER AND RESERVE AFFAIRS,
FOR RESERVE AFFAIRS
BEFORE THE
SUBCOMMITTEE ON
DEFENSE
HOUSE APPROPRIATIONS COMMITTEE
CONCERNING THE
NATIONAL GUARD AND RESERVE PROGRAM
APRIL 29, 1993

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HOUSE OF REPRESENTATIVES

UNITED STATES MARINE CORPS

HEADQUARTERS MARINE CORPS, DIVISION OF PUBLIC AFFAIRS
WASHINGTON, D.C. 20380, (703) 614-4309



MAJOR GENERAL JEFFREY W. OSTER, USMC

Major General Jeffrey W. Oster is the Assistant Deputy Chief of Staff for Manpower and Reserve Affairs (Reserve Affairs), Headquarters Marine Corps, Washington, D.C.

General Oster was born November 11, 1941 in Milwaukee, Wisconsin. He attended high school in Beloit, Wisconsin, and graduated in 1959. He subsequently attended the University of Wisconsin and graduated in 1963 with a Bachelor of Science degree in Geology. He also holds an MBA degree from the University of Wisconsin. He was commissioned a second lieutenant in the United States Marine Corps Reserve through the Platoon Leaders Class Program.

Graduating with honors from The Basic School at Quantico, Va., in June 1964, he reported to Camp Pendleton for duty as a platoon commander with the 1st Battalion, 1st Marines. After transfer to Okinawa, the battalion was redesignated the 2d Battalion, 3d Marines and, in April 1965, the battalion deployed to the Republic of Vietnam.

Upon returning from overseas in December 1966, he joined the 2d Shore Party Battalion, 2d Marine Division, serving first as Adjutant/S-1 and then as Shore Party Team Commander for a Mediterranean cruise with BLT 3/8. Subsequent assignments included tours of duty as Marine Corps White House Liaison Officer, Office of the Secretary of the Navy and Commanding Officer, Marine Detachment, USS Enterprise (CVAN 65).

After graduation as the honor man of the Amphibious Warfare School in January 1971, General Oster returned to Camp Pendleton for duty with the 7th Marines. After a brief assignment as Executive Officer, 1st Battalion, 7th Marines, he served as the S-3 of the 2d Battalion, 7th Marines. In August 1972, he was assigned as Marine Officer Instructor, NROTC Unit, University of Wisconsin. He remained at the University from June 1975 to June 1976 for the Advanced Degree Program.

Assigned to Headquarters Marine Corps, Washington, D.C., General Oster served as Manpower Programs Officer, Manpower Plans and Policy Division. In August 1979, he was reassigned to the Office of the Assistant Secretary of Defense (Program Analysis & Evaluation) for duties as program analyst and Program Review Coordinator for the Defense Resources Board.

In June 1981, he became Executive Officer, 4th Marines, 3d Marine Division and served concurrently as Assistant Camp Commander, Camp Schwab, Okinawa. Returning from Okinawa, he attended the National War College, Washington, D.C.

Graduating in June 1983, he was reassigned to Headquarters Marine Corps for duty as Assistant Secretary of the General Staff in the Office of the Chief of Staff. After promotion to colonel, he became Secretary of the General Staff in August 1984 and, over the next two years, he served under four different Chiefs of Staff.

He returned to the 1st Marine Division in August 1986, where he served as the Assistant Chief of Staff G-3 until Dec. 18, 1987, when he was assigned duty as the Commanding Officer, 7th Marines, 1st Marine Division, FMF, Camp Pendleton, Calif. While serving in this capacity, he was selected in November 1988 for promotion to brigadier general.

He was advanced to brigadier general on July 7, 1989, and was assigned duty as the Assistant Division Commander, 3d Marine Division on Aug. 1, 1989, and assigned additional duties as Commanding General, 9th MEB on Sept. 12, 1989. He served as Commander, Defense Electronics Supply Center, Defense Logistics Agency, Dayton, Ohio from June 8, 1990 until assuming his current assignment on July 7, 1992. General Oster was advanced to major general on April 2, 1993.

His personal decorations and medals include: the Defense Superior Service Medal with Oak Leaf Cluster; Legion of Merit; Meritorious Service Medal; Navy Achievement Medal; Combat Action Ribbon; and the Presidential Unit Citation.

Major General Oster is married to the former Sherry Christine Holt of San Diego, California. They have two daughters, Allisoo and Jennifer.

(Revised April 14, 1993 HQMC)

INTRODUCTION

Mr. Chairman, distinguished members of the committee, I thank you for the opportunity to describe the current capabilities and future needs of the Marine Corps Reserve. This is the first report I am privileged to present to the Committee. The information I provide is consistent with the President's budget and the Department of the Navy 1993 Posture Statement.

In last year's statements to the Congress, Lieutenant General Matthew T. Cooper and Major General Mitchell J. Waters summarized a number of important milestones we added to the legacy of the Marine Corps Reserve during 1991. These included our deployments and support of Marine Expeditionary Forces and Joint Task Forces, particularly our participation in Operations Desert Shield and Desert Storm.

These operations validated our integrated training and exercise programs. They showed our versatility and responsiveness to assimilate the Reserve Component with the Active Component to form one Total Force Marine Corps. Accomplished during the 75th Anniversary Year of the establishment of the Marine Corps Reserve, the operations also proved that our mobilization doctrine was reasonable and supportable under the prior force structure levels approved by the Congress.

In providing their statements, Generals Cooper and Waters acknowledged that changes in the world order, coupled with domestic economic considerations, would necessitate changes to our Marine Reserve Component. It was time to capitalize on lessons learned from our operational experience and shift our focus to addressing future requirements in support of our national security interests. The objective was, and still is, to retain combat power and force projection capability within the Total Force Marine Corps during this period of change.

Rather than rest on our laurels, we promised to be even more proactive in pursuing new initiatives relative to our readiness and capabilities. I am pleased to report on these initiatives today. The initiatives encompass a new strategic vision for the Navy and Marine Corps Team as well as organizational and operational changes. In discussing these changes, I will also provide information on the current status of the Reserve Component, our plans to maintain readiness, and the resources we need to accomplish all assigned missions.

A NEW DIRECTION FOR THE NAVAL SERVICE: ...**"FROM THE SEA"**

To make quality decisions regarding how best to structure and employ our Reserve Component in the new national security environment, we must first review the envisioned roles and functions. These were articulated by then Secretary of the Navy, the Honorable Sean O'Keefe; Chief of Naval Operations, Admiral Frank B. Kelso II; and the Commandant of the Marine Corps, General Carl E. Mundy, Jr., in a White Paper issued jointly last September entitled ...From the Sea. Well thought out, and over a year in the making, the paper gives new direction for the Naval Service, including its Reserve Components. Since

this paper has already been discussed before the committee, I will summarize key points applicable for the Marine Corps Reserve.

...From the Sea recognizes a dramatic shift in our global strategy and the basic challenges to American interests and continued growth. The new focus is toward joint service operations conducted from the sea on coastal and near land areas. These are the littoral regions where much of the world's population lives and where most global commerce and maritime activity takes place. Within these regions lie both challenges and opportunities. There is uncertainty in regions critical to our national interests, but also great potential in those areas receptive to universal American ideals of democracy, peace, and economic opportunity.

To meet these littoral challenges and opportunities, ...From the Sea announced a new direction for the maritime components of the national security forces, which include Active and Reserve Components of the United States Navy and Marine Corps. This direction provides Marine Expeditionary Forces shaped for joint operations, operating forward from the sea, and tailored for the full spectrum of national needs. One such mission is crisis response. In response to crisis, Marine Expeditionary Forces provide the initial enabling capability of the Joint Force, and, if required, follow-on sustained operations as part of a "sea-air-land" team. Elements of the larger team could include Army, Air Force, Special Operations, Coast Guard, and Reserve Forces in contributory support.

Some strategists question whether this new direction represents a change for the Total Force Marine Corps. The description of our Marine Corps as America's "Expeditionary Force in Readiness" was first articulated in Conference Report language accompanying legislation spelling out our roles and missions over 40 years ago.

Clearly, the operating environment for the Total Force requires review. Rather than equipping and training ourselves predominantly for "go it alone" or limited partnership missions, the emphasis embodied within the new direction is on joint and combined operations. The Total Force Marine Corps must be shaped for joint operations and structured to expand and capitalize on the traditional expeditionary roles. The new roles require swift response, on short notice to crises in distant lands, using forces tailored to build power from the sea. The roles also require forces able to sustain support for long-term operations, unrestricted by the need for transit or overflight approval from foreign governments. Our historical operating experience helps to ease our implementation tasks. These new principles are consistent with our time-tested methods to task organize components for training and warfighting operations.

Task organization is a way of life in the Active and Reserve Components of the Marine Corps. We routinely combine command, ground combat, air combat, and combat service support elements into Marine Air Ground Task Forces, and size them to meet mission requirements. This organizational capability is further enhanced as the Marine Air Ground Task Forces are combined with Naval air and sea assets, and the ability to marry up equipment with the Maritime Prepositioning Ships Force.

I believe the Marine Corps Reserve Component will directly complement the strategic vision described in ...From the Sea to enhance the worldwide readiness of the Active Component. The augmentation and reinforcement capabilities of the Marine Corps Reserve are cost effective and relevant. The Reserve Component maintains flexibility and a high state of readiness to perform both combat and multiple contingency missions and to provide peacetime support to the Active Component.

Implementation of the vision, ...From the Sea, is underway. These changes require updated doctrine, education, service integration, training, acquisition, operations, and risk education, among other areas. Amplifying documents and policy statements are in development on these subjects. The Marine Corps Reserve will remain an active participant in this important process.

ORGANIZATIONAL CHANGES

Force Structure Planning Groups

Concurrent with the development of ...From the Sea, the Commandant directed reviews to determine a better fighting structure for the Marine Corps. Because we also recognize the immediate nature of the requirement for change, and the continuing need to safeguard the Nation's vital interests through the military instrument of power, the Marine Corps initiated examination of capability requirements concerning the National Military Strategy and new Naval Direction.

Capabilities assessment is not new for the Marine Corps. We have previously redefined our probable employment roles and developed commensurate force capabilities. During the interval between the World Wars the Marine Corps used its vision of an evolving world to develop the amphibious warfare capability which has served the Nation so well ever since. Later, drawing upon lessons learned during those conflicts and Korea and Vietnam, we refined our force structure, equipment, and tactics to ensure mission accomplishment in emerging strategic environments, particularly those of an expeditionary nature.

To describe the Marine Corps of the future, a Force Structure Planning Group was assembled in 1991 at the direction of the Commandant of the Marine Corps. This group was specifically tasked with designing the most capable force structure and supporting establishment for known and anticipated operational requirements at various strength levels. As an adjunct to that effort, a Reserve Force Structure Planning Group was subsequently convened to determine a complementary Reserve structure. This latter group based projections of Reserve Component force levels on the Active Component augmentation and reinforcement requirements identified by the Force Structure Planning Group. The results were mutually supporting, long range plans for a reorganized structure for the Marine Corps. The plans considered assigned tasks and appropriate operation and personnel tempo for our unit deployments and individual Marines. The plans are known as USMC 2001 and USMCR 2001 in keeping with the emphasis to meet future requirements, in a changing world, through the beginning of the next century. During this process, the Marine Corps Reserve was reconfirmed as an essential element in our Total Force.

Marine Corps analysis has identified the force structure and manpower requirements to comply with the current National Military Strategy and Unified Command forward presence commitments. The specific recommendations for the USMCR 2001 force structure were briefed to the Secretary of Defense, Secretary of the Navy, and Congress last year.

Marine Reserve Force

As a follow-on to the USMCR 2001 report, the Commandant directed the Reserve Component to structure an organization that will sustain the Selected Marine Corps Reserve as a vital part of the Total Force Marine Corps. General Mundy directed that the resulting organization be austere, yet capable of accomplishing the mission to staff, organize, train, and equip the Reserve Component for employment. The resulting study addressed command relationships and personnel management within the Reserve Component and at Headquarters U.S. Marine Corps. Continuing training and professional military education requirements were also critical elements of the study.

Based on the study results, on May 4, 1992, the Commandant directed that *Marine Reserve Force* be established effective July 1, 1992. Marine Reserve Force provides a single point of contact through which the Commandant, as a Service Chief, can discharge his responsibility to the Secretary of the Navy for the timely provision of trained and equipped Reserve units and individuals to the combatant commands. Consolidation of Marine Reserve assets under a single headquarters provides better visibility of available resources and reduces the potential for overcommitment and disruption of contingency plan execution. Marine Reserve Force streamlines the Reserve Component and eliminates duplicate functions among various staffs. It also increases command opportunities for senior Reserve Component officers. Command and control of the Reserve Component is strengthened as a result of the activation of Marine Reserve Force.

Assisting the Commandant at Headquarters U.S. Marine Corps in managing the Reserve Component are key members of his staff. The Deputy Chief of Staff for Manpower and Reserve Affairs is the principal staff officer for oversight of Reserve matters. He is assisted by the Assistant Deputy Chief of Staff for Manpower and Reserve Affairs, for Reserve Affairs, who oversees the daily activities of the rejuvenated Reserve Affairs Division.

The major components of Marine Reserve Force are the 4th Marine Division, the 4th Marine Aircraft Wing, the 4th Force Service Support Group (collectively called the 4th Division-Wing-Logistics Team), the Marine Corps Reserve Support Command, and two Marine Expeditionary Brigade command elements. Marine Reserve Force is commanded by an Active Component major general. The Marine Division and Marine Aircraft Wing are commanded by Reserve Component major generals. The Force Service Support Group is commanded by a Reserve Component brigadier general. All three commands are co-located with the Marine Reserve Force in New Orleans. The Marine Expeditionary Brigade command elements, located on the east and west coasts, are commanded by Reserve Component brigadier generals. The Marine Corps Reserve Support Command, located in Overland Park, Kansas is commanded by a Reserve Component brigadier general.

The force structure planning efforts mentioned earlier, and the creation of Marine Reserve Force, demonstrate our concern for Reserve force structure. The force management enhancements realized through single agency responsibility for Marine Reserve training and administration will result in a sustained improvement in both personnel readiness and the operational proficiency of Reserve units. Marine Reserve Force has published a campaign plan which gives expression to the foregoing considerations and areas of emphasis. The campaign plan serves as a translation document between the Marine Corps vision for the Total Force role of our Reserve, and the Reserve commanders and staff who will carry that vision into action. The plan connects commanders directly to the "big picture" and provides a road map against which to check course and speed. The campaign plan is an effective tool for facilitating both internal and external understanding of Marine Corps Reserve operations and programs.

OPERATIONAL CHANGES

The establishment of Marine Reserve Force not only streamlined functions and integrated staffs, but also required us to rethink the Reserve roles of employment. The Marine Corps Reserve is more than just a mobilization asset. Opportunities exist for the Reserve to perform missions across the peacetime spectrum, from exercises to forward presence operations. Imaginative planning is the key to successful employment of the Reserve.

In Continental U.S. (CONUS) exercises/operations, the Reserve 1) augments, reinforces, or conducts major exercises; 2) supports training events like combined arms exercises; 3) provides select augmentation units to support logistics requirements at bases and stations; and 4) augments the Maritime Prepositioning Force maintenance cycles.

In forward presence operations, the Reserve 1) augments and reinforces combined exercises; 2) helps maintain Norway prepositioned equipment; 3) provides security assistance teams and detachments; and 4) supports exercises and counter-drug operations of U.S. Southern Command.

Innovative employment options are already being used by Marine Reserve Force to support these requirements for periods longer than the normal 2-week annual training cycle. These options include rotation of units to provide a continuous presence, using volunteers to form exercise-specific units, and the selective use of the 30-day annual training authorization.

In light of the new direction and our planning, new and precise mission statements for major Marine Corps Reserve organizations have been prepared to raise awareness of the critical nature of our Reserve forces. This awareness ensures assignment of proper priority for resourcing Reserve programs. Clear definition of peacetime and mobilization functions for Marine Reserve Force, and its major subordinate commands, is essential for proper internal and external understanding of force capabilities and limitations.

Premobilization Functions

During peacetime, Marine Reserve Force will assist the Commandant of the Marine Corps in the development and implementation of plans and policies, budgets, and force structure for the Marine Corps Reserve and will be responsible for the operational readiness of the Reserve Component. Marine Reserve Force organizes, equips, and maintains forces of drilling units, and integrates training plans and administrative procedures of subordinate units. They also develop, maintain, and rehearse the Marine Reserve Force plan for implementation of the Marine Corps Mobilization Management Plan. Further, Marine Reserve Force develops plans for augmentation and reinforcement of the Active Component consistent with approved force structure levels.

During peacetime, the 4th Division-Wing-Logistics Team trains and administers their units in the same full range of employment roles as like units of the Active Component. The 4th Division-Wing-Logistics Team provides Reserve units to operational forces for training exercises, humanitarian and disaster relief operations, counternarcotics operations, and civil disturbance operations.

The peacetime mission of the Marine Corps Reserve Support Command is to coordinate the training and administration of the Marine Corps Pretrained Individual Manpower. They also recruit qualified prior service personnel for drilling units and Individual Mobilization Augmentee billets. The Marine Corps Reserve Support Command screens the Individual Ready Reserve and maintains operational readiness of Marine Corps Mobilization Stations. Another peacetime function of the Marine Corps Reserve Support Command is to provide individuals to operational forces and to support Reserve activities including training exercises.

Mobilization Functions

Marine Reserve Force's responsibilities under mobilization are to direct the activation/mobilization of Selected Marine Corps Reserve units, and provide those units, as well as Pretrained Individual Manpower, to gaining commands. Major subordinate commands (4th Division-Wing-Logistics Team) provide units for assignment in augmentation and reinforcement roles, and continue training those units not activated or mobilized. Marine Reserve Force also directs the activation of the mobilization stations for processing the Pretrained Individual Manpower.

Marine Reserve Force staffs, operates, and maintains Reserve Centers, and supervises the rendering of family assistance, casualty assistance, inter-service support, and community relations services. In anticipation of the need to rapidly deploy the Reserve unit and the Inspector-Instructor staff simultaneously, we have established Reserve Training Center Mobilization Teams for each of our Reserve Training Centers. These teams consist of pre-assigned Individual Ready Reservists and retirees. Their mission, upon mobilization of the Reserve unit, is to assume responsibility for providing the day-to-day operation, security, and maintenance of the Reserve Training Center and all government equipment and materials left behind; conducting administration and training for Reserve Marines left behind; providing family assistance to families of mobilized Marines; continuing community and public

relations programs; handling casualty assistance; and being prepared to reconstitute a Reserve unit if required.

MANPOWER

The young men and women who serve in our Reserve Component are our greatest asset and source of our strength. Our Reserve Marines are ambitious, disciplined, hard-working, motivated, well-trained, well-led, and dedicated to excellence in serving their Country and Corps. They deserve rewarding career opportunities, adequate pay and benefits, and the guarantee of equal opportunity to reach their full potential without hinderance of discrimination or sexual harassment.

The Marine Corps Reserve is organized into three categories as required by law: the Ready Reserve, the Standby Reserve, and the Retired Reserve. Active duty personnel in support of Marine Reserve Force, Navy personnel, and civilian employees of the Marine Corps provide additional support to the Marine Corps Reserve.

Ready Reserve

The largest category of the Marine Corps Reserve is the Ready Reserve. The Ready Reserve consists of the Selected Marine Corps Reserve and the Individual Ready Reserve. It is the primary source of both units and individuals upon mobilization.

Selected Marine Corps Reserve

The Selected Marine Corps Reserve consists of 3 elements: 1) Marine Reserve Force units, 2) Individual Mobilization Augmentee members, and 3) Full-Time Support personnel. Reservists serving in Marine Reserve Force units comprise the largest portion of the Selected Marine Corps Reserve.

Members of the Selected Marine Corps Reserve assigned to the Marine Reserve Force serve in the 4th Division-Wing-Logistics Team, and in approved Individual Mobilization Augmentee or Full-Time Support billets. The 4th Division-Wing-Logistics Team is the largest component of the Marine Reserve Force. The structure of the Marine Reserve Force operating forces is designed in consonance with the Active Component and is organized specifically to meet peacetime and mobilization missions.

Reservists in the Individual Mobilization Augmentee program are assigned to mobilization billets which were comprehensively validated during FY92. Individual Mobilization Augmentee members are subject to mobilization within 24 hours following the issuance of mobilization authority. Individual Mobilization Augmentees are assigned to billets in our supporting establishment where they train with counterparts from the Active Component at all bases, stations, and major headquarters. These Marines also staff the 47 mobilization stations located throughout the country. During FY92 these stations completed the screening of 27,000 members of the Individual Ready Reserve. During FY93, 27,000 Marines are scheduled for screening.

The Full-Time Support program is the third part of the Selected Marine Corps Reserve. The men and women on active duty in this program also support the Reserve Component as part of Marine Reserve Force and within the supporting establishment. All Full-Time Support billets were validated in FY92 and again in FY93. Full-Time Support duties cover policy development, administration, recruiting, training, and logistical support for the Reserve. The integration of reservists on active duty in support of the Reserve Component helps keep the lines of communication open throughout the Total Force Marine Corps. Full-Time Support personnel enhance the Marine Corps' ability to address issues from a Total Force perspective.

We are requesting \$308.0 million in FY94 for the Reserve Personnel, Marine Corps appropriation, which funds the Selected Marine Corps Reserve. The funding is projected to support a Selected Marine Corps Reserve end strength of 36,900. The total funding requested for the Marine Corps Reserve can be found on the final page of this statement.

A comparison of actual end strength for FY92, approved end strength for FY93, and budgeted strength for FY94 is shown in the following table:

Category	FY92	FY93	FY94
Marine Reserve Force/4th Division-Wing-Logistics Team ¹	36,208	34,918	30,420
Individual Mobilization Augmentee	1,222	1,687	1,687
Full-Time Support	2,280	2,285	2,119
Initial Active Duty for Training	<u>2,485</u>	<u>3,425</u>	<u>2,674</u>
Total Selected Marine Corps Reserve	42,195	42,315	36,900

¹Excludes Individual Mobilization Augmentee and Full-Time Support Personnel

Individual Ready Reserve

The 64,110 members of the Individual Ready Reserve represented about 60 percent of the Ready Reserve at the end of FY92. The Individual Ready Reserve provides pre-trained Marines to fill shortfalls in Active and Reserve Component forces, and for the expansion of the supporting base to meet wartime contingency requirements. Though not required to drill, the Individual Ready Reserve is a valuable and experienced manpower asset. Marines who have served and received training as part of the Active Component, but have some period of obligated military service remaining, are assigned to the Individual Ready Reserve upon release from active duty. In addition, individuals who have completed their military service obligation may choose to remain in the Individual Ready Reserve. As previously indicated, the Individual Ready Reserve is managed by the Marine Corps Reserve Support Command.

Standby Reserve

The Standby Reserve consists of reservists who may be ordered involuntarily to active duty only in time of war or national emergency as declared by Congress or otherwise authorized by law. The Standby Reserve is composed of an active status list and an inactive status list. Marines in the Standby Reserve are normally not immediately available for mobilization due to problems that are temporary in nature. These Marines may be called only when the Ready Reserve does not have enough qualified members in a specific skill category to fulfill requirements. The end strength of the Standby Reserve at the end of FY92 was 468 Marines.

Retired Reserve

Marine reservists who have transferred to the retired list pursuant to Federal law having completed 20 qualifying years of creditable service for retired pay are members of the Retired Reserve. The strength of the Retired Reserve on September 30, 1992 was 8,921. The Retired Reserve includes members of the Fleet Marine Corps Reserve.

Inspector-Instructor/Active Duty Support

Our Inspector-Instructor/Active Duty Support program provides us a unique and successful system of supervising, instructing, and assisting Reserve units in attaining operational excellence and maintaining a high, continuous state of combat readiness. The program is fundamental to our Total Force Marine Corps.

Inspector-Instructors are Active Component Marines who:

- Supervise, instruct, and assist Selected Marine Corps Reserve ground units in attaining and maintaining a continuous state of readiness for mobilization;
- Inspect and render technical advice to units in functions including administration, logistical support, and public affairs; and,
- Execute collateral functions as directed by higher authority.

Inspector-Instructors are assigned to the 4th Marine Division and 4th Force Service Support Group, and normally serve 3-year tours of duty.

The Active Component Marines of the 4th Marine Aircraft Wing, while not designated Inspector-Instructors, perform similar roles in maintaining unit readiness for mobilization. These Marines provide for the continuous maintenance, operation, and administration of squadrons and other aviation units.

The Marine Corps had 4,837 members of the Active Component assigned to duty with Inspector-Instructor staffs and 4th Marine Aircraft units at the end of FY92 in support of the Selected Marine Corps Reserve. The Active Component Marines are in addition to Reserve Component Marines serving on active duty under the Full-Time Support program.

The number of Active Component positions requested for FY94 is 4,234. The decrease stems from reductions in the Active Component force structure.

In June 1992, we integrated selected Inspector-Instructor staff billets into Reserve Tables of Organization. This action was taken to improve Reserve readiness posture upon mobilization. For example, it enabled:

- The manning of selected technical billets that require extensive training and experience with fully qualified individuals, thereby facilitating command effectiveness.
- The rapid administrative and logistical integration of Reserve organizations into Active Component units.

This change will allow selected members of the Inspector-Instructor staff to deploy with the activated unit. The billets chosen for this program are largely technical and administrative, and have been historically difficult to fill with qualified reservists. Upon mobilization, these selectively designated Inspector-Instructors become an integral part of the Selected Marine Corps Reserve unit. The remaining members of the Inspector-Instructor staff deploy with the unit to the Station of Initial Assignment to assist in the mobilization and initial training process. Thereafter, they are reassigned to Active Component combat units for deployment to combat.

U.S. Navy Support

I am pleased to acknowledge the U.S. Navy support to the Marine Reserve Force. My predecessors have also testified before the Committee regarding the professionalism and cooperation of these Naval officers and enlisted personnel. I can unequivocally state that Marine Reserve Force missions could not be executed without their direct support. The U.S. Navy furnishes the Marine Reserve Force with medical, dental, religious, construction, and Naval Gunfire Liaison Officer support.

For FY94, the Naval Reserve has requested \$21.5 million for personnel support for the Marine Corps Reserve. The funding is mission essential for the Marine Corps Reserve to retain its level of readiness. We enthusiastically endorse the request.

Civilian Support

Our FY94 budget request includes funding for 155 civilian positions. The positions we are requesting are in administration, data processing, and personnel management and are located at the major Reserve headquarters sites.

Recruiting and Retention

Several years ago our 28th Commandant stated "some military organizations around the world recruit people to operate equipment, but the Marine Corps procures equipment to outfit our people." Our current (and 30th Commandant) General Carl E. Mundy, Jr.,

restated this policy as follows: "All of the sophisticated technology, weapons, and equipment military services the world over own...are worthless unless the right people are operating them. People are the most important element of successful mission accomplishment in any military service."

I am pleased to report that the Marine Corps Reserve is doing very well in attracting and retaining quality personnel. Our prior service and non-prior service recruiting programs continue to provide high quality men and women to meet the manning requirements of the Selected Marine Corps Reserve.

Our prior service recruiting program is staffed by Marines working under the Full-Time Support program. These Marines are normally located with Reserve units in the community they serve. Our recruiting mission for FY93 is 4,200 prior service Marines (3,300 enlisted and 350 officers for the Selected Marine Corps Reserve, and 150 enlisted and 400 officers for the Individual Mobilization Augmentee program).

Our non-prior service recruiting is accomplished by active duty recruiters in the same manner this mission is accomplished for the Active Component. Working in close coordination with the Reserve Component, they recruited 5,091 non-prior service Marines during FY92. Tier 1 high school graduates comprised 99.5 percent of the accessions with 100 percent scoring in mental group categories I-III on the Armed Forces Qualification Test. Our recruiting mission for FY93 is 6,156 non-prior service recruits.

Our FY92 continuation rates of officers and enlisted personnel who continue service in the Selected Marine Corps Reserve were 80.2 percent for Marines with less than 6 years of total service, and 88.1 percent for Marines with 6 or more years total service. One factor contributing to our retention of quality Marines is the Reserve Montgomery G.I. Bill for educational assistance. As of last September, 14,352 Reserve Marines were participating in this program.

READINESS AND TRAINING

Concurrently, with implementation of the organizational and operational changes I have discussed, we have developed intensive and aggressive training policies and programs for the 4th Division-Wing-Logistics Team. Our priority has been, and will continue to be, on training programs crafted to accomplish our mission with minimal risk to personnel safety, material resources, and the environment. The mission of the Reserve Component is to provide trained units and qualified individuals to be available for active duty in time of war, national emergency, and at such times as national security may require.

Our current areas of emphasis are development and maintenance of a compatible Active Component and Reserve Component force structure; quality leadership and supervision; improvement of military occupational specialty qualification rates; availability and operating condition of equipment; aggressive employment of simulators and other training or evaluative programs; and access to adequate facilities and ranges.

The organizational changes discussed earlier, including the creation of Marine Reserve Force, demonstrate our interest in a fully integrated force structure between the Active and Reserve Components. The following information is provided concerning the other Marine Corps Reserve priorities.

Leadership

Our policy to assign Active Component Marines in support of the Reserve provides a basis for high quality leadership and supervision to the Reserve Component. In addition, a strength of the Selected Marine Corps Reserve is that nearly all of the officers have at least 3 years of active duty. Enlisted prior service Marines also bring valuable active duty leadership experience.

We want our Reserve units led by professionals so we invest heavily in professional development school courses for reservists. During FY92, 3,808 Officers and Staff Non-Commissioned Officers attended over 30 different professional military education schools. The number of professional military education opportunities budgeted for FY93 and FY94 is about 3,738 for FY93 and 586 for FY94.

Complementing the professional military education opportunities are assignments available under our Reserve Counterpart Training and Exercise Support Programs. These programs provide members of the Individual Ready Reserve the opportunity to refresh their leadership and military occupational specialty skills on-the-job at a Marine Corps installation or with a unit participating in an exercise. The number of Individual Ready Reserve members participating in Reserve Counterpart Training or Exercise Support Program training during FY92 was 1,450. Limited funding will permit only 1,100 Individual Ready Reservists to participate in FY94.

Information on professional military education, Reserve Counterpart Training, and Exercise Support Program opportunities, as well as on Selected Marine Corps Reserve and Individual Mobilization Augmentee billet vacancies, promotions, and other administrative announcements, are disseminated through a new Marine Corps Reserve Bulletin Board System. Reserve Marines and Marine Corps commands can access the Marine Corps Reserve Bulletin Board System, which began operation during May 1992, using a toll free number. Initial use has been encouraging. The Marine Corps Reserve Bulletin Board System represents a well-designed support system, and has the potential to become the prime source of information for both Active and Reserve Component Marines and organizations involved in the management of Reserve programs.

Military Occupational Specialty Qualification Rates

Our goal for military occupational specialty qualification is to attain 95 percent qualification in Selected Marine Corps Reserve units. Recent military occupational specialty match rates of 89 percent for the 4th Marine Division, 91 percent for the 4th Marine Aircraft Wing, and 81 percent for the 4th Force Service Support Group indicate a good start towards our goal. Fundamental policies requiring our non-prior service enlisted Reserve Marines to

participate in the same battle skills training and full length formal training courses as the Active Component Marines helps us maintain a high match rate.

Our policy to align specific unit openings with a prior service applicant's military occupational specialty also contributes to our qualification rate. In those cases when an applicant's military occupational specialty does not match the opening, we provide the Marine with an opportunity to obtain the necessary qualification through a formal military, vocational, or technical school, or through on-the-job training. During FY94 we have budgeted for 223 vocational/technical training opportunities in a number of diverse occupational specialty areas.

Equipment

We have generally returned our major end item posture to predeployment levels and have funded the remaining Southwest Asia related deficiencies. The overall increase is even more impressive when considered with the increase in the number of authorized mission essential pieces of equipment. The following chart illustrates the improvement in mission essential equipment readiness from October 1991 to September 1992:

Component	October 1991		September 1992	
	%	# Items	%	# Items
4th Marine Division	77.5	8,794	85.4	11,750
4th Marine Aircraft Wing	90.1	3,055	93.5	3,149
4th Force Service Support Group	<u>85.5</u>	<u>1,969</u>	<u>87.5</u>	<u>2,188</u>
Marine Reserve Force	81.4	13,818	87.2	17,087

We enjoyed even greater improvement percentages in the readiness of our combat essential equipment (artillery, assault amphibious vehicles, light armored vehicles, and tanks) over the same period. For example, the readiness of artillery pieces improved 16 percent, while tanks improved by 56 percent.

We are proud of these percentages. Our equipment readiness is outstanding and shows how the Total Force worked together after demobilization to restore our capability. Our goal is to further improve these levels of readiness.

Simulators

The use of simulators and other training systems provides an opportunity for realistic training at a substantially reduced cost. We have acquired and are aggressively employing this equipment at our Selected Marine Corps Reserve unit locations. We now use indoor simulated marksmanship trainers, light armored vehicle anti-tank systems, and light armored vehicle turret trainers. Additional programmed assets include F/A-18A flight simulators, low altitude air defense stinger simulators, a combined arms staff trainer, moving target

simulators, TOW (tube-launched, optically-tracked, wire-guided) and Dragon missile system simulators, infantry squad trainers, and tank full-crew interactive simulator systems.

Other Training and Evaluative Programs

Over the past several years my predecessors have described for the committee in some detail the comprehensive training program we have developed for the Reserve Component. Rather than discuss every facet of the program, such as opportunities for multi-unit exercises with the Active Component or international training assignments, I will address several programs which contribute markedly to our readiness. These programs are important because they tell what we are doing right as well as identify areas for corrective action.

The first program is the assessment we perform using the Marine Corps Combat Readiness and Evaluation System. This system tests the ability of the unit to perform wartime missions under simulated combat conditions. Since we really mean what we say about maintaining like units for like functions in our Active and Reserve Components, we use realistic scenarios and the same Marine Corps Combat Readiness and Evaluation System performance standards and grading criteria to test units of both components. Eight battalion or squadron sized units were evaluated as ready during FY92. Seven more units are scheduled for testing during FY93.

We also continue to employ our highly successfully Mobilization Operational Readiness Deployment Test program. A Mobilization Operational Readiness Deployment Test requires the Selected Marine Corps Reserve unit to demonstrate the ability to mobilize. It is the primary means we use to determine a unit's ability to contact and recall personnel, process them into active duty, and deploy. A Mobilization Operational Readiness Deployment Test will evaluate administration, logistics, personnel, and medical readiness. Marine Reserve Force has recently expanded the Mobilization Operational Readiness Deployment Test to the areas of command and control, family assistance, and community relations.

There are two types of Mobilization Operational Readiness Deployment Tests: Mobilization Operational Readiness Deployment Test and *Go*, and Mobilization Operational Readiness Deployment Test and *Stay*. The *Go* type requires transportation to the station of initial assignment at a major command such as Camp Lejeune or Camp Pendleton. While at the station of initial assignment, mission oriented training is conducted and the unit usually bivouacs in the field.

Since the Mobilization Operational Readiness Deployment Test and *Go* is very expensive, we primarily use the Mobilization Operational Readiness Deployment Test and *Stay* method. This method of evaluation is similar to the Mobilization Operational Readiness Deployment Test and *Go* except there is no movement beyond the home training center.

Three special notes about Mobilization Operational Readiness Deployment Tests. First, they are no-notice tests. Care is taken to ensure that the unit being evaluated is not given advance notice, thereby protecting the integrity of the test. Second, each unit receives

a Mobilization Operational Readiness Deployment Test at least once every 3 years. Third, the Commanding General, Marine Reserve Force is the coordinator and evaluator of this program.

During FY92, Marine Reserve Force conducted two "Go" and 115 "Stay" evaluations. All but seven of the units were evaluated as ready on the initial evaluation. All units not passing the initial test were judged satisfactory upon reinspection. For FY93 and FY94 we have scheduled 128 and 143 additional units for evaluation, respectively.

A third program is the periodic assessment of supply accounting and maintenance procedures. Using the same criteria as the Active Component, inspectors found that our Reserve units are exercising the same level of sound supply accounting practices and maintenance procedures as the Active Component.

We also are continuing to maintain our emphasis on physical fitness, weight control, personal appearance, essential military subjects, and battle skills such as individual weapons employment. We employ such training because we know that individual readiness is the key to unit readiness.

During FY92, more than 7,000 reservists from 31 different units participated in combined arms exercises during Annual Training at our Marine Corps Air Ground Combat Center, 29 Palms, California. This training stresses fire support coordination and command and control. We have scheduled some 9,000 Marines from 35 units for this training during FY93.

Facilities

The Marine Corps Reserve operates from 166 ground and 29 aviation sites spread through 46 States, the District of Columbia, and the Commonwealth of Puerto Rico. The dispersion of our units makes the Marine Corps Reserve truly a bridge between our Active Component and the people of the United States.

We are placing great emphasis on improving the quality of our facilities because a number of our units continue to occupy space which is inadequate to accommodate administrative and operational requirements. We want to alleviate crowded conditions wherever possible and improve the quality of the working environment.

We are carefully monitoring the availability of alternative training facilities in conjunction with base closures and Active force reductions. We are looking for opportunities to secure access to quality Reserve Centers, ranges, and training areas which will also support the efforts of our sister services to retain those vital locations in the DoD inventory.

CONCLUSION

I have described today what we are doing in the Marine Corps Reserve to be ready when needed, relevant in force composition and employment, and fully capable of meeting national requirements. I have highlighted the new direction of the Navy/Marine Corps team,

including our Reserve Component, and the organizational and operational changes we are making to achieve that vision. I have also provided information on a number of key areas of interest to the Committee, including a snapshot of our manpower status, and our readiness and training program priorities.

The Total Force Marine Corps is America's force in readiness, and the Marine Corps Reserve is an integral part of that Total Force. As we refine our focus as a complementary partner in the joint sea-land-air team of national defense, we look forward to continuing our tradition of service to the Nation and building on our legacy as expeditionary Soldiers of Sea. As always, we look to the Congress to support the Total Force Marine Corps.

TOTAL SUPPORT OF THE MARINE CORPS RESERVE *(budget request)*
(Millions of Dollars)

<u>MARINE CORPS APPROPRIATIONS</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>
Reserve Personnel Marine Corps (RPMC)	345.0	345.5	308.0
Military Personnel Marine Corps (MPMC) ¹	150.1	150.2	144.1
Operations and Maintenance Marine Corps Reserve (O&M,MCR)	93.0	79.1	75.1
Procurement Marine Corps (PMC)	<u>33.0</u>	<u>16.9</u>	<u>5.1</u>
TOTAL MARINE CORPS	<u>621.1</u>	<u>591.7</u>	<u>532.3</u>
 <u>NAVY/OTHER SUPPORT</u>			
Operations and Maintenance Naval Reserve (O&M,NR) ²	65.9	67.0	69.7
Reserve Personnel Navy (RPN) ³	14.9	21.7	21.5
Military Construction Navy Reserve (MCNR)	5.0	5.5	3.1
National Guard Reserve Equipment, Defense Appropriation (NGREA)	<u>158.0</u>	<u>232.0</u>	<u>---</u>
TOTAL NAVY/OTHER SUPPORT	<u>243.8</u>	<u>326.2</u>	<u>94.3</u>
 TOTAL SUPPORT OF USMCR	 <u>864.9</u>	 <u>917.9</u>	 <u>626.6</u>

¹Inspector-Instructor, Active Duty Support

²Flight hours

³Physicians, dentists, chaplains, nurses

[CLERK'S NOTE.—Questions submitted by Mr. Dicks and the answers thereto follow:]

NEW BOMBER MISSION

Question. The FY 93 Defense Appropriations Act requires DoD to provide a report to Congress that includes the cost benefit analysis prior to transfer of the bomber mission from the active Air Force to the Guard and Reserve. There really is a great deal of concern both with the costs and the role of the citizen soldier in these missions. I believe it will be very expensive to put these aircraft into the Reserves because of the intensive time that these missions require. I believe this mission will also require a full time maintenance and technicians. These would become full time reservists, and thereby eliminate the need and numbers of part time reservists in the Guard and Reserve. Does the Air Force have plans to transfer bombers to the Air National Guard or the Air Force Reserve?

AFR answer. Yes, the Air Force intends to begin the transfer of bombers to the reserves in FY 94. The information requested by the Senate Appropriations Committee, Subcommittee on Defense was forwarded on April 28, 1993.

Question. There is a concern that other weapons systems such as the Close Air Support, such as the A-10 or the F-16 will have to be deactivated or downsized to offset the costs of transferring the bomber mission to the ANG and USAFR. Is this a valid concern?

AFR answer. In an era of declining budgets the money to bed down and operate bomber aircraft in the ANG and USAFR must come from other areas of the Air Force Budget. In that sense, concerns about force structure levels and operating budgets are valid. However, the currently programmed bomber and fighter force structure reductions were planned independently of the decision to transfer bombers to the reserve components. The funds to operate bombers in the Air Reserve Components were transferred directly from accounts used to operate bombers in the active duty force, not from the fighter force operating budget.

Question. What weapons systems will be deactivated to offset these costs?

AFR answer. No weapons systems, A-10 nor F-16 nor any other, will be deactivated to offset the costs of transferring the bomber mission to the ANG and USAFR.

Question. Is this really economical?

AFR answer. Fighter force structure was dealt with independently of bomber force structure. Since fighters were not traded off for bombers, the question of economical tradeoffs is not applicable.

CLOSE AIR SUPPORT

Question. The Air Force is responsible for providing Close Air Support [CAS] to the Army. The Army routinely requests the Air Force CAS to support field training of the Active Army. But, as I understand, most Army National Guard and Reserve combat units do not have comparable training support, if in fact ever train with CAS at all. What portion of the overall CAS weapons system is assigned to the Air National Guard or the Air Force Reserve?

AFR answer. Today, approximately 45% of the general purpose, combat coded fighters, the resources from which we apportion CAS tasking, are assigned to the Air Reserve Component (ARC).

Question. Wouldn't assigning a greater portion of the Guard to CAS contribute for Army National Guard and Reserve combat forces?

AFR answer. No. Because of the lower operations tempo flown by Guard and Reserve units, fewer sorties would be available to support Army training by either the active or reserve components. The Air Force uses all three of its components to support Army training and does not tie specific Air Force units to Active, Guard, or Reserve Army unit training.

Question. Would not increasing the Guard's role in CAS better promote the Congressional mandate for greater reliance on the Guard and Reserve?

AFR answer. The Air Force will likely turn to the Guard for more CAS in the future. Since the active Air Force has a greater number of the specialized, training intensive aircraft, like the F-117 and F-15E, which aren't often tasked to fly CAS missions, the Guard will have proportionately more of the fighters which are tasked to fly CAS.

[CLERK'S NOTE.—End of questions submitted by Mr. Dicks. Questions submitted by Mr. Young and the answers thereto follows:]

KC-135 TANKERS

Question. General Closner, we in the Tampa Bay area are delighted with your decision to base the 482nd fighter wing at MacDill and we support your decision to convert the aircraft they have to KC-135R's. For a long time, I have suggested that MacDill would be a natural for a tanker unit because of the lack of Tanker assets in the Southeastern United States. Where will the F-16's from the 482nd be going and where will the KC-135's come from? We want to make sure those are the updated version of the KC-135's, they are aren't they? What is the status of your fleet of KC-135's, how many of the older version vs the KC-135R's?

AFR answer. Our decision to convert the 482nd from F-16 fighters to KC-135R tankers was driven by the total force draw down in fighters. These F-16s will replace the older F-16s at another Reserve location. The older F-16s will be retired. The newer KC-135R tankers would be sourced from one or more active duty units, not yet announced. Our current fleet of KC-135 aircraft consists of 30 KC-135E models and 20 KC-135R models. The conversion of MacDill will add to our KC-135R model total.

AH-1W COBRA

Question. For the last few years this committee has supported the addition of funds to procure the AH-1W Super Cobra to replace your aging AH-1S. Could you comment on how this aircraft is performing and whether or not it would be adequately funded with the budget requested amounts?

MCR answer. The Super Cobra continues to perform extremely well. This aircraft meets critical Marine Corps Total Force require-

ments for close-in fire support and anti-armor/anti-air capabilities under day, night, and adverse weather conditions.

Ordnance carrying capabilities of the AH-1W exceed that of earlier models. More powerful engines allow the use of a wider variety of ordnance to include 2.75"/5" rockets, and TOW, Hellfire, Sidewinder, and Sidarm missiles. Maintenance of the AH-1W is also much easier than was the case of earlier models, resulting in high mission capable rates.

The previously discussed USMCR 2001 force structure plan states a requirement for 36 AH-1W aircraft. We currently have 30 aircraft funded, with 16 aircraft on-hand and 14 more on contract for delivery.

NIGHT VISION GOGGLES

Question. Another program the committee sponsored last year was funds for the modern generation Night Vision Goggles because we learned that your reserve squadrons came to Desert Storm with early generation less capable goggles. Were last years dollars enough to complete this initiative?

MCR answer. The funding you provided allowed us to begin the upgrade of our squadrons to a new generation of Night Vision Equipment. We greatly appreciate this support. This funding, however, was not sufficient to complete this initiative.

KC-130T AIRCRAFT

Question. Another Marine initiative during the last few years has been the KC-130T. If you receive funds for two more this year, will that complete the Reserve KC-130T standup?

MCR answer. The Programmed Aircraft Authorization (PAA) for Marine Corps Reserve KC-130T aircraft is 14 per squadron, or a total of 28 for the two Reserve squadrons. Currently there are 24 KC-130T aircraft on-hand and two additional aircraft are funded in FY 1993. Hence, two more KC-130T aircraft will complete the FAA for Reserve KC-130T standup.

GLENVIEW NAVAL AIR STATION

Question. The Glenview Naval Air Station is on the current base closure list. Can you tell the committee where you plan to relocate the KC-130's and AH-1W's currently located there?

MCR answer. The Marine Corps Reserve does not have any AH-1W's in Glenview. We do have KC-130's and UH-1N's based there.

To be absolutely accurate, the Base Realignment and Closure Commission has not yet submitted a list of bases recommended for closure. To date, the Secretary of Defense has approved the recommendations from the Department of the Navy's Base Structure Evaluation Committee and forwarded them to the Base Realignment and Closure Commission for consideration. These recommendations did include the closure of the Glenview Naval Air Station. The Base Structure Evaluation Committee's proposal included moving the Glenview KC-130's to Stewart Air National Guard Base, New York, and the UH-1N's to Naval Air Station, Willow Grove, Pennsylvania.

[CLERK'S NOTE.—End of questions submitted by Mr. Young. Questions submitted by Mr. Livingston and the answers thereto follow:]

WC-130 WEATHER RECONNAISSANCE

Question. General Clossner, you were kind enough to visit with me earlier in the week and I appreciate your assurances about keeping the hurricane reconnaissance planes flying at Keesler. I don't want to belabor the issue, however, I have gone back to check since our meeting about the issues surrounding the number of planes, manning and alternative missions. First, I cannot support the FY 1994 request which only funds 9 primary aircraft and 1 backup. For many years we have had to legislate the existence of these planes, and while I do not believe that is a problem anymore, we are still not settled on the actual number, the manning, and the O&M support. I would just ask—we have added funding (not taken it out of hide), every year for at least 10 primary aircraft, 1,600 to 2,400 flying hours, and no less than 8 Air Reserve Technician (ART) line assigned aircrews and 12 Reserve line assigned aircrews. Can we end the instability and get this settled once and for all before we markup our next bill?

AFR answer. The Air Force Reserve fully supports the weather reconnaissance mission. Our Future Years Defense Program includes funding for 2,400 flying hours, eight Air Reserve Technician aircrews, and 12 Reserve aircrews. We continue to believe, as stated in our 1992 report on weather reconnaissance, that nine Primary Aircraft Authorized (PAA) are sufficient to meet all weather reconnaissance taskings. Additional aircraft would allow us to fly more hours or more missions and would add to the cost of the unit.

NAVY RESERVE PRIORITIES

Question. Admiral, what are your Reserve priorities in terms of personnel, O&M, and procurement for fiscal year 1994?

NR answer. The major objectives used in developing the manpower program which is the basis for the Reserve Personnel, Navy appropriation are as follows:

1. Provide a Naval Reserve component, as a part of a total force of the U.S. Navy, which is to be prepared to conduct prompt and sustained operations at sea in support of U.S. National interests and to assure continued wartime superiority for the United States.

2. Adequately man the approved force structure with properly trained personnel, and keeping operating strength deviations within manageable levels.

3. Achieve and maintain the officer and enlisted grade structure necessary to support force structure requirements while meeting personnel management goals.

4. Improve retention, increase re-enlistments, and optimize prior service enlistments.

5. Structure the Naval Reserve for immediate crisis response and peacetime contributory support.

The purpose of the Operation and Maintenance, Navy Reserve appropriation is to support the Naval Reserve's mission of mobili-

zation readiness and fleet contributory support. The appropriation provides for the cost of operating Naval Reserve forces and maintaining their assigned equipment at a state of readiness which will permit rapid employment in the event of full or partial mobilization. Concurrently, the Naval Reserve complements the active force through contributory support. In FY 1994, the Naval Reserve will be more closely linked with the active Navy and will provide greater real-time, everyday services.

Naval Reserve procurement requirements are submitted to the Resource Sponsors for consideration within normal PPBS procedures.

Question. What are your unfunded priorities in these areas?

NR answer. The Reserve Personnel, Navy appropriation has a balanced, fully funded budget other than the Reserve Transition Benefits package which remains unfunded. The programs were authorized but funding was not appropriated by Congress in FY 1993. Navy is working with the Office of the Secretary of Defense to identify funds for this program. The projected cost of FY 1994 is \$28.4 million.

Regarding O&M, the Naval Reserve expected to close Naval Air Station South Weymouth and Naval Air Facility Detroit prior to FY 1994. With these two facilities on the Defense Base Realignment Closure Committee 1993 closure list, we no longer have that option. Rather, both must be closed through the Defense Base Realignment Closure Committee process. As a result, no funding is available in the FY 1994 Operation and Maintenance, Navy Reserve budget to operate these facilities until closure. The cost to operate these sites in FY 1994 is \$17.3 million.

F/A-18 SIMULATORS

Question. Two years ago, this committee funded F/A-18 simulators for the squadron at New Orleans. What is the status of this acquisition?

NR answer. The Naval Reserve received money and authority in FY 1992 to proceed with the procurement process. The contract proposal has been reviewed and audited. The contract will be awarded by August 1993 and delivery will be 14 months later.

C-130T AIRCRAFT

Question. Since FY 1990, the committee has lead the way in funding 14 C-130T aircraft. Does the Navy still have a requirement to continue procurement of these aircraft? If so, what is the current requirement?

NR answer. For the past few years the Chief of Naval Reserve has testified that a 1986 Center for Naval Analyses (CNA) study called for a C-130T force of 29 aircraft. As the Navy downsizes, I envision a number lower than 29. I have asked the CNA for a new study; however, I believe the proper number to be in the vicinity of 18 aircraft. This would allow the Naval Reserve to maintain three C-130T squadrons with a Primary Aircraft Allowance (PAA) of six aircraft each.

Question. What has been requested for FY 1994 and where will these aircraft be based?

NR answer. There are no C-130T aircraft in the FY 1994 President's budget.

Question. What is the current basing plan for these aircraft? Will the New Orleans and Martinsburg squadrons be six plane squadrons?

NR answer. The Naval Reserve plans to eventually place six C-130T aircraft at VR-54 in New Orleans and six C-130T aircraft at VR-53 (scheduled to go to Martinsburg) as directed in Congressional language. The remaining two aircraft which were appropriated in FY 1993, are scheduled to go to VR-55 in Alameda in October 1994.

Question. What is the status of each squadron today?

NR answer. VR-54 has four aircraft assigned and will receive its fifth and sixth aircraft in the first quarter of FY 1994. The Martinsburg squadron also has four aircraft assigned and will receive its fifth and sixth aircraft during the first quarter of FY 1994. However, at present neither NAS New Orleans (VR-54) nor NAF Washington (present site of VR-53) has the capability to accept more than four aircraft due to parking ramp and hangar constraints posing potential safety problems. Approved military construction projects at NAS New Orleans and Martinsburg, WV will solve this problem in the January 1996 and April 1996 timeframes respectively. Until those construction projects are completed, the fifth and sixth aircraft for each of these two squadrons will need to be sited at another location. We propose using these aircraft to begin transition of VR-55 in the first quarter of FY 1994 to both alleviate the potential safety hazard mentioned earlier at NAS New Orleans and NAF Washington and begin transition of a West Coast based squadron at the earliest possible time to meet Pacific Fleet requirements. These aircraft would then be returned to VR-53 and VR-54 when the aforementioned military construction projects are completed at Martinsburg and NAS New Orleans.

PERSONNEL FUNDING SHORTAGES

Question. Admiral, I understand that because of base closures and realignments, the services, including the Navy and Navy Reserve, will be experiencing personnel and personnel support funding shortages in the five year budget plan because some base or facility is on a closure or realignment list. In reality, these closures don't take effect for some years so you will still need funding for personnel/personnel support to carry out missions, etc., until the actual closures. Is this accurate? Can you elaborate on what the problem is?

NR answer. Navy intended to close NAS South Weymouth and NAF Detroit in early FY 1994, but by being included on the Defense Base Realignment and Closure Commission, further closure actions will be delayed until after Congressional review. It will be at that time when we will have a clearer understanding of what, if any, our needs will be to continue operations at either or both activities.

Question. If it is true, where are the actual shortages and in what fiscal years? What about FY 1994?

NR answer. Again, to identify perceived shortages prior to final decisions by the Congress on base closure(s) would only be speculation, at best.

Question. How can we specifically address this situation in the annual appropriations bill? Is it a funding issue or is there some direction from Congress that is needed in terms of bill or report language? Please provide details for the record.

NR answer. It is believed premature to suggest that the budgets, as currently structured, require any funding augmentation since final decisions on the base closure list, as well as the Department's Appropriations Request, are still pending.

F/A-18 SQUADRON SUPPORT

Question. What is the situation regarding F/A-18 squadron support, specifically in terms of intermediate level support and training?

NR answer. Currently, NAS New Orleans is not receiving any intermediate level F/A-18 support equipment. However, site activation commences in FY 1994 and will be complete by third quarter FY 1997. Training is not an issue.

Question. What are your unfunded needs in these areas? Provide details for the record.

NR answer. None, intermediate level F/A-18 support site activation commences in FY 1994 and will be complete by third quarter FY 1997.

UH-1 HELICOPTERS

Question. Since 1991, this Committee and Congress, at the request of Guard and Reserve units, have provided Fiscal Year 1991, 1992, & 1993 additional funding to procure external auxiliary fuel tanks for UH-1 helicopters. These tanks provide an additional 1.5 hours of endurance and increased range for medical evacuation, search and rescue and drug enforcement. In fact, these tanks would have been a big help during Desert Storm when nine Army Reserve UH-1 medical detachments deployed and operated. Even though Guard and Reserve units in the field want these tanks, and even though an RFP is ready to be issued, nothing has happened. Why is this procurement taking so long?

AR answer. The Army has not procured auxiliary fuel tanks for the UH-1 helicopter since the Vietnam era, and these tanks were internally mounted. This required the Army to develop new requirements documents, investigate new technologies, conduct market surveys, and evaluate potential vendor proposals. This preprocurement effort is now complete. The Army Reserve's procurement agent, U.S. Army Aviation and Troop Command (ATCOM), has committed to a request for proposal date of June 25, 1993; and contract award date of September 20, 1993.

Question. We understand the Army, at some level, does not intend to execute this program prior to the expiration of the FY 1991 funds. Is this true?

AR answer. The Congress did not provide any funding to the USAR in Fiscal Year 1991, but did provide \$2 million in Fiscal Year 1992 and \$3 million in Fiscal Year 1993. To date, the Office of

the Secretary of Defense released the \$2 million of Fiscal Year 1992 funds in June, 1992. The Army Reserve is fully committed to fielding the tanks and immediately set about to develop requirements, fielding, and training plans. Upon completion of this effort, in March 1993 the Army Reserve transferred \$1.997 million to ATCOM to procure 22 systems. ATCOM will obligate the Army Reserve's Fiscal Year 1992 funding in Fiscal Year 1993; therefore, funding will not "expire."

Question. Is there any intentional foot dragging going on here?

AR answer. The Army Reserve is fully committed to fielding a safe and sustainable system, and has worked with ATCOM to ensure timely production and fielding of the tanks. In a recent memorandum on the acquisition, Major General Cowings, Commanding General, ATCOM, gave his personal assurances that ATCOM is working hard to meet the USAR's needs by the end of Fiscal Year 1993.

[CLERK'S NOTE.—End of questions submitted by Mr. Livingston. Questions submitted for the record and the answers thereto follow.]

FORCE STRUCTURE

Question. With the given end strength budgeted in fiscal year 1994, does this provide for a reasonable level of forces to meet the force structure requirements of your component?

AR answer. The end strength figure of 260,000 for FY 1994 will satisfy current requirements based on current Defense Planning Guidance. Should the USAR be assigned missions beyond the current planning guidance, greater resourcing in the areas of Reserve Personnel Appropriations and Operation and Maintenance would be required.

NR answer. Yes. The FY 1994 budgeted end strength fully supports the requirements for our commissioned or hardware units and provides for a substantial level of manpower to augment active component activities across numerous mission areas.

MCR answer. At the direction of the Commandant, a Force Structure Planning Group was assembled in 1991. This group was specifically tasked with designing the most capable force structure and supporting establishment for known and anticipated operational requirements at various strength levels. As an adjunct to that effort, a Reserve Force Structure Planning Group was convened to determine a complementary Reserve structure. This latter group based its projections of Reserve Component force levels on the Active Component augmentation and reinforcement requirements identified by the Force Structure Planning Group. The results were mutually supporting long range plans for a reorganized structure and end strength for the Marine Corps. The plans, known as USMC 2001 and USMCR 2001, concluded that a Reserve end strength of approximately 42,000 was required to fully augment and reinforce the Active component.

The Commandant has recently directed that USMC 2001 and USMCR 2001 be revalidated. We expect this revalidation, scheduled for completion by July, will confirm a requirement for a Reserve end strength in the range from 40,000 to 42,000.

AFR answer. Although there is a manpower shortfall between requirements and funded authorizations, we believe the budget provides for a reasonable level of forces to meet Air Force Reserve force structure requirements. We are re-validating our requirements and the result of this process will likely reduce our funded manpower shortfall.

Question. Do you anticipate that the "Bottom-up Review," which will be completed this summer, to substantially reduce the force structure levels for the outyears?

AR answer. Increasing world-wide response requirements will elevate the need for multiple capabilities to provide echelon above division and corps tailored combat service and combat service support units to a variety of theater operations. Retention of that force structure and, therefore, military capability in the Reserve components is a cost effective alternative to maintaining high levels of active end strength.

NR answer. While it is premature to project the results of the "Bottom-up Review" or the likely impact on the Selected Reserve force structure in the out years, it is anticipated that an overall balance will be maintained between Active and Reserve force structure and manpower levels.

MCR answer. No. I believe the "Bottom-up Review" will conclude that the FY 1993 United States Marine Corps Reserve end strength of 42,315 is about the right level. Therefore, I expect the review will agree with the structure and end strength conclusions made during the revalidation of USMCR 2001.

AFR answer. Given tightening budgets and shifting wartime requirements, across the board force structure reductions are likely. As full partners in the total force, I anticipate the Air Force Reserve to share equally in those reductions with the Active Duty and Air National Guard.

Question. Does the President's budget provide sufficient funding for the end strengths proposed? If not, what additional funding is required?

AR answer. The President's budget does not provide sufficient funding for the Selected Reserve (SELRES) end strength proposed. With the increase over the Bush Base Force there are sufficient funds in the Reserve Personnel, Army (RPA) appropriation to provide the pay for legal requirements of Annual Training (AT) and Inactive Duty for Training (IDT). However, an additional \$31.6 million is needed in the School, Mobilization and Special Training accounts to pay for the support tail associated with the SELRES and the basic needs of Individual Ready Reserve (IRR).

The Operation and Maintenance, Army Reserve (OMAR) appropriation received no funds to pay the O&M support costs for the additional SELRES. An additional \$40.2 million in OMAR is needed to adequately support the current SELRES end strength.

NR answer. Yes. Funding fully supports the proposed end-strengths.

MCR answer. The FY 1994 President's budget provides \$308.0 million for support of a Marine Corps Reserve end strength of 36,900. This Reserve Personnel, Marine Corps (RPMC) funding is sufficient to fund those costs directly related to our end strength as reflected in the pay categories of Pay Groups A (Personnel in Se-

lected Reserve units), B (Individual Mobilization Augmentees), F (Non-Prior Service personnel on Initial Active Duty for Training), P (Non-Prior Service personnel awaiting Initial Active Duty for Training who are drilling for pay), and the Full-Time Support (FTS) program. In order to meet these payroll costs, however, we were forced to drastically curtail other training and support programs that are funded by the RPMC appropriation. These programs include mobilization training (Reserve Counterpart Training and IRR Recall), school tours for military skill training and professional education, and special tours for exercise support and active duty for special work (ADSW). Since we could not cut strength any further, we reluctantly cut these programs which contribute directly to Reserve readiness. An additional \$21.2 million in RPMC is required to fund mobilization, training, and special tours at the FY 1993 level.

While recently approved transition benefits are also unfunded, we are working with OSD to resolve this issue. Our preliminary cost estimate, if our end strength is reduced to 36,900, identifies a potential RPMC funding requirement of approximately \$4.8 million.

The Operations and Maintenance, Marine Corps Reserve (O&MMCR) appropriation is fully funded to support the 36,900 end strength.

AFR answer. Funding is adequate for the end strengths requested in the FY 1994 President's Budget for military personnel. The workyear cost for civilian personnel, which include Air Reserve Technicians, is understated by \$31.7 million. We budgeted for a turnover rate for civilians assigned to Federal Employees Retirement System (FERS) of 6.8% which is 0.2% less than what we are experiencing. The larger than anticipated number of civilians eligible for matching funds, the increase in the percentage of funds to be matched for the Thrift Savings Plan (TSP) and understating the average grade and locality pay rates of the employees assigned to FERS has led to an overall workyear average pay rate that is \$2,145 less than required.

Question. As the reserve forces are being reduced, is the level of your full-time support program being reduced also?

AR answer. Yes. Army Reserve full-time support is being reduced by 30 percent from FY 1990-FY 1999. This is a greater percentage than our SELRES reduction of 25 percent.

NR answer. Yes. Full-time support directly assigned to units proposed for disestablishment is being deleted. Additionally, full-time support providing general administrative and training support within the infrastructure is being reduced.

MCR answer. Yes. The planned strength level for FTS in FY 1994 is 2,119. This is a decrease of 166 from the FY 1993 authorized end strength level of 2,285.

AFR answer. Because the Air Force Reserve is assuming responsibility for operating additional bases as the active force draws down, there will be a very small increase (0.2 percent) in full-time support.

Question. As new missions are being assumed by the reserve forces, at what percentage of full-time support are your units being resourced? Is this adequate for your mission requirements.?

AR answer. Currently, resourcing Army Reserve full-time support is at 8 percent of the total Army Reserve force. This is inadequate to meet overall unit readiness and increased missions of supporting the contingency force pool, equipment modernization and aviation missions, and new Army Initiatives. Historically, the USAR has been under resourced in FTS as compared to other DOD Reserve component services.

NR answer. The percentage of full-time support assigned to specific units varies according to mission and is based on factors such as safety, tempo of operations, equipment maintenance, and desired levels of unit readiness. For example: Full-time support in Reserve aviation squadrons is about 40 percent; Naval Reserve Force FFG ships is about 67-70 percent. These levels adequately support current mission requirements.

MCR answer. The primary mission of the Marine Corps Reserve continues to be the augmentation and reinforcement of the Active Component in time of war or national emergency by providing trained and qualified units and individuals. Although this basic mission remains unchanged, it is absolutely clear that the Marine Corps Reserve is more than just a mobilization asset. Because of the rapidly changing domestic and global environment, the Marine Corps Reserve contributes to missions across the peacetime spectrum of operations from worldwide exercise support and humanitarian assistance to counterdrug operations and forward presence operations.

The full-time support of the Marine Corps Reserve includes both Active Component Marines (Inspector Instructors and other Active Component support personnel) and Marine Corps Reserve Full-time Support (FTS) personnel. The proposed level of full-time support is adequate to ensure accomplishment of the Marine Reserve Force mission.

AFR answer. Considering all full-time support requirements, the Air Force Reserve is funded at about a 93-percent level of requirement. Given the world environment and our current "peace time" OPTEMPO, this funded level is marginal at best.

Question. For the record provide an analysis of your total full-time support program, including specifics of the Active Guard and Reserve and technician programs. List the shortfalls in each program for FY 1994.

AR answer. Historically, the Army Reserve has the lowest percentage of full time support of all the Reserve components in DOD. The Army Reserve is at 8 percent, the Army National Guard is at 12 percent and Marine Corps Reserve is at 18 percent. The Secretary of the Armys Independent Commission's study recommends the Army Reserve's full-time support be resourced at 12 percent in parity with the Army National Guard.

Active Guard and Reserve reductions between FY 1991 and FY 1997 will be approximately 32 percent (13,704 to 9,440). Military technician support is scheduled to be reduced 24 percent during the same time period (8,463 to 6,439).

To achieve an adequate level of FTS, I have set a 12% goal by FY 1996 as recommended by the Independent Commission. The shortfall for FY 1994 is: 500 Active Guard and Reserve and 340

Military Technicians. For FY 1994, the Army Reserve full-time support is:

	AGR	MT	AC	DAC	Total
Fiscal year 1994 budget request	12,542	7,160	1,251	969	21,922
12-percent ramp	13,042	7,500	1,251	969	22,762

NR answer. Naval Reserve Full-Time Support (FTS) consists of the following categories of personnel:

	<i>Fiscal year 1994 strength</i>
FTS category:	
Reserve Component Military:	
Training and administration of Reserve—TAR.....	18,189
Reserve recruiters.....	947
10 United States Code, sec. 265.....	233
Subtotal.....	19,369
Active component military	3,369
Civilian personnel	2,689

TARs and active component personnel are either assigned directly to specific Reserve units such as ships and air squadrons or within the supporting Reserve infrastructure.

Those assigned to units perform the same day-to-day operational, administrative and maintenance functions as their counterparts in similar active component units, to ensure safe operations of equipment and a high state of readiness. These FTS personnel would remain with the unit at mobilization.

Non-unit FTS, both Active and Reserve, and including Reserve Recruiters and 10 U.S.C. Sect. 265 personnel are assigned to various Reserve field activities and staffs to provide program-wide administrative, training and logistics support to units and Reserve personnel as well as performing management and recruiting functions.

Civilian personnel perform mostly administrative and personnel support functions, as well as shore facilities maintenance. These personnel are not Military Technicians and are not assigned to units.

MCR answer. In FY 1993 the Marine Corps Reserve Full-Time Support (FTS) program consisted of 347 officers and 1,938 enlisted. Based on the FY 1994 President's Budget, the FTS program will be reduced to 324 officers and 1,795 enlisted.

Although the Marine Corps Reserve possesses and utilizes technical skills in our various Reserve units, the Marine Corps Reserve does not have specific technician programs. We do, however, invest a large number of Active Component personnel in our Reserve. Our Inspector-Instructor/Active Duty Support program is both unique and very successful.

Inspector-Instructors are Active Component Marines who supervise, instruct, and assist Selected Marine Corps Reserve ground units in attaining and maintaining both combat and mobilization readiness. They also inspect and render technical advice to units in functional areas including administration, logistical support, and

public affairs. Inspector-Instructors are assigned to the 4th Marine Division and 4th Force Service Support Group.

The Active Component Marines of the 4th Marine Aircraft Wing, while not designated Inspector-Instructors, perform similar roles in maintaining unit readiness for mobilization and combat. These Marines provide for the continuous maintenance, operation, and administration of squadrons and other aviation units.

The Marine Corps had 4,837 members of the Active Component assigned to duty with Inspector-Instructor staffs and 4th Marine Aircraft Wing units at the end of FY 1992 in support of the Selected Marine Corps Reserve. The Active Component Marines are in addition to Reserve Component Marines serving on active duty under the Full-Time Support program. The number of Active Component positions requested for FY 1994 is 4,234.

We do not anticipate any FTS or Active Component support shortfalls in FY 1994.

AFR answer. Total FY 1994 full-time support for the Air Force Reserve is programmed at 16,455 positions. Full-time civilian support is 15,776 positions of which 10,484 are Air Reserve Technicians (ART). Full-time civilian/ART shortfall is approximately 1,050 positions (this does not include an additional 1,500 positions required for wartime operation of Air Force Reserve bases). Of the 1,050 short-fall, approximately 250 are non-ART civilians primarily needed in base operating support. ART authorization shortfall is approximately 800 positions. These shortages are primarily in KC-135s (70 positions), C-130s (180 positions), F-16s (330 positions), A-10s (60 positions), medical (50 positions), and civil engineering (50 positions). Full-time AGR support is programmed at 648 positions. AGR shortfall is 61 positions.

Question. Do you believe that DoD should expand the Reserve components as the Active components are reduced in order to retain quality personnel that are being separated.

AR answer. Assignment of important, high priority missions to units based upon recognized requirements will provide the incentive for retention of high quality soldiers, both USAR and transitioning Active component, as a collateral benefit. The focus on a high priority mission should result in higher resourcing, better training, and easier retention of high quality soldiers.

NR answer. The Naval Reserve looks upon the number and quality of personnel leaving active duty as an enrichment of our recruiting base or market and we intend to seek those quality personnel to fill Reserve unit vacancies. There is no need to expand nor add end-strength to the Reserve Component as it is anticipated that the normal turnover of Reserve unit personnel will adequately accommodate those quality personnel needed.

MCR answer. No. The structure and manning levels of the Marine Corps and Marine Corps Reserve are dependent on a number of variables related directly to the requirements of the National Military Strategy and the requirements of the war fighting CINCs. Although the Marine Corps wants to retain quality personnel that are being separated, we create new Reserve structure only as required to augment or reinforce the Active Component as part of the Total Force Marine Corps. The optimal mix of Active and Reserve Component structure has been identified and approved by

the Commandant in the force structure plans, USMC 2001 and USMCR 2001.

AFR answer. No. I do not believe the Reserve components should be expanded solely to place members leaving active duty. There are two reasons for this. First, unfortunately, the active force draw down has not been a boon to Reserve recruiting. The active force restructuring and careful management of losses has resulted in few members transferring to us in the critical wartime skills we need in the Reserve. Retraining is possible, but costly.

Second, I believe force structure decisions should be based on the war fighting, and sustainment needs of the nation rather than to resolve a short term personnel situation.

Question. Since the reserve components operate at a lower cost, would an increase of more units in the reserve structure allow our total force to be better prepared to perform more missions and still be cost effective?

AR answer. Maintaining critical, high priority combat support and combat service support capabilities in the USAR that are not affordable in the Active component is cost effective. However, personnel funding, O&M funding, full time support levels, training support, equipment modernization, and easier access to USAR units must be fully addressed.

NR answer. Not necessarily. Cost is only one of many factors considered in determining the Navy's Active/Reserve force mix and, thus, should not be used as a single determinant. Cost savings also vary according to mission type. For example, a Reserve air squadron may operate at up to 50 percent savings; however, the savings for a Reserve frigate (FFG) is only 10 percent. Accessibility of Reservists when needed as well as Navy's requirement to routinely forward deploy forces in peacetime are additional critical factors that will often mitigate against transferring certain capabilities into the Reserve Component. Also, adding units or capability to the Reserve Component in excess of Navy's Total force requirements could not be considered cost effective.

MCR answer. Studies both internal and external to the Marine Corps have shown that a force of about 177,000 Active and about 42,000 Reserve marines is required to meet those commitments dictated by the warfighting CINCs and the National Military Strategy, and, at the same time, to take care of the welfare of our Marines and their families. Because of the way Marines are employed in forward presence and crisis response roles, we believe that an active-to-Reserve ratio of about 80 percent active to 20 percent Reserve is both sound and prudent. In the Total Force Marine Corps, the mission of the Reserve is to augment and reinforce the Active Component. We are convinced that this force ratio ensures mission accomplishment across the spectrum of conflict.

AFR answer. While the reserve forces do indeed provide a cost effective approach, there is a point of diminishing return. The reserve forces rely on active training programs and former active members as substantial input to the reserve force. Should the active force shrink to the point that the reserve components must provide training formally provided by the active, cost savings diminish. Theoretically, reserve force cost would grow to equal the active costs if forced to absorb all missions.

PERSONNEL AND OPERATING APPROPRIATIONS

Question. Do you support the President's budget, and does it provide sufficient funding for each of your components? For the record, would each of you provide a list of your high priority unfunded personnel and operations and maintenance requirements?

AR answer. We support the President's budget, although we do have additional requirements that are critical to the Army Reserve. These critical unfunded requirements total \$31.8 million, of which \$91.6 million is Reserve Pay and \$40.2 million is Operations and Maintenance.

School Training shortfall (—\$1.9 million) results in significantly fewer NCO's and Officers attending formal military professional education programs (Army service schools, senior service colleges, special qualification training).

Special Training shortfall (—\$9.8 million) results in degraded support to USAR training activities (development of training policies and programs, instructional materials, membership on boards, supervision of TPU training programs, competitive events, recruiting, retention and exercise support).

Mobilization Training shortfall (—\$19.9 million) results in insufficient training of the IRR in the areas of professional development education and refresher proficiency training to insure readiness for mobilization requirements.

Reserve Component Transition requirements are \$60.0 million. There is no funding. Shortfall results in inability to meet legal separation and early retirement requirements.

Operations and Maintenance has a shortfall of —\$40.2 million to support the increase of SELRES end strength over the base force. These are additional shortfalls in the area of equipment maintenance and sustainment, depot maintenance, repair parts, facilities maintenance and organizational clothing and equipment.

NR answer. Yes, I support the President's budget. Sufficient funding is provided in all but the Base Operating Support line of the Operation and Maintenance, Navy Reserve appropriation and the Reserve Transition Benefits package in the Reserve Personnel, Navy account.

Funding for the Naval Reserve to operate its aircraft, ships, combat support units and associated base operations support is adequate to fulfill the missions as defined by the Navy's Total Force policy. The Navy will be working through the base realignment and closure process this summer to streamline its infrastructure and smoothly close those bases no longer deemed necessary to support the budgeted force structure.

The Reserve Transition Benefits package was authorized but funding was not appropriated by Congress in FY 1993. Navy is working with the Office of the Secretary of Defense to identify funds for this program. The projected cost for FY 1994 is \$28.4 million.

MCR Answer. Yes, we support the President's Budget. As explained in a previous answer sufficient funding is provided for end strength, but not for mobilization training, school training, and special tours. Also, as previously discussed, the USMCR 2001 struc-

ture study concluded that a Reserve end strength of approximately 42,000 is required to fully augment and reinforce the Active Component. In view of the above, our personnel priorities are (1) to maintain a Reserve end strength of 42,000 commensurate with USMCR 2001 and (2) to obtain an additional \$21.2 million in Reserve Personnel Marine Corps (RPMC) to fully fund mobilization, training, and special tours for an end strength of 36,900 and an additional \$18.1 million in RPMC to fully fund the higher end strength (total RPMC funding requirement equals \$39.3 million). Our Operation and Maintenance priority is to obtain \$7.9 million to support the higher end strength of 42,000.

HFR answer. Yes, I support the President's budget. Sufficient funding is provided for the programs as they are reflected in the submission. Additional funding would be required for the end strengths and Operation and Maintenance requirements listed below.

UNFUNDED FISCAL YEAR 1994 REQUIREMENTS—RESERVE PERSONNEL, AIR FORCE

[Below authorized strength levels]

Unit	OFF	ENL	Cost
KC-135.....	19	426	3,009
A-10.....	9	2	197
F-16.....	33	32	887
Communication ABCCC.....	2	12	99
Aerospace rescue/recovery.....	0	34	284
Aerial port.....	19	52	622
C-141 associate.....	1	61	448
C-130.....	15	79	934
Medical service units.....	46	46	784
Other.....	3	19	183
Individual mobilization augmentees.....	2,400	2,300	38,215
Statutory tour positions.....	25	36	4,529
Total.....	2,572	3,099	50,191

Question. Please tell the Committee what amount of money your component was required to reduce further when the Secretary of Defense took an additional \$12 billion cut from the DoD's budget earlier this year.

AR answer. The Reserve Personnel, Army (RPA) appropriation was reduced by \$60.2 million and the Operation and Maintenance, Army Reserve (OMAR) appropriation was reduced by \$30.5 million for decrease to pay raise and purchase inflation.

In addition, during the FY94 budget preparation the Army Reserve Selected Reserve (SELRES) end strength was increased above the FY94 Bush base line. Due to the DoD \$12 billion cut there were insufficient funds available to provide support costs of \$31.6 in the RPA appropriation and \$40.2 million in the OMAR appropriation.

NR answer. The Reserve Personnel, Navy appropriation was reduced \$76.1 million. The Operation Maintenance, Navy Reserve appropriation was reduced \$61.3 million.

MCR answer. Appropriations which support the Marine Corps Reserve were reduced \$7.8 million. The Reserve Personnel Marine Corps (RPMC) was cut \$3.5 million and Military Construction,

Navy Reserve (MCNR), which funds our military construction projects, was reduced \$4.3 million.

AFR answer. The Reserve Personnel, Air Force appropriation was reduced by \$17.0 Million. The primary reason is the elimination of the pay raise in FY 1994. The reduction to Operation and Maintenance, Air Force Reserve was a total of \$62.5 million. The primary reasons were elimination of the FY 1994 pay raise (\$21.2M), revised inflation factors (\$17.0M) and reductions to the fighter program (\$23.5M).

Question. Did this create any shortfalls in areas such as mobilization training, schools, PCS moves, etc.? If so, please explain.

AR answer. Yes. The cut eliminated the pay raise projected at 2.2 percent, and reduced inflation from 3.3 percent to 2.4 percent. The SELRES was increased over the Bush base line but was funded only for basic pay and allowances. The normal \$31 million associated with the SELRES increase was not provided in the areas of mobilization, schools and special training.

NR answer. No, this action did not create any shortfalls in operations and maintenance. Fund savings were achieved by discontinuing the FFT program, and no other programs were financially impacted.

MCR answer. Yes, shortfalls were created in some areas. To achieve the funding goals of the Secretary of Defense, the Marine Corps Reserve was forced to reduce Reserve programs to include mobilization training, school tours for military skills and professional education, and special tours for exercise support and active duty special work. These programs has also been adversely affected by the increase in direct costs related to maintaining end strength. As stated in response to a previous question, an additional \$21.2 million in RPMC is required to fund mobilization, training, and special tours at the FY 1993 level.

AFR answer. No, the funding was reduced for programmatic adjustments and revised price assumptions such as eliminating the pay raise.

Question. With O&M funds under serious constraints, can we afford to train more?

AR answer. Given the shortfalls in the Operations and Maintenance, Army Reserve (OMAR) appropriation, additional training probably cannot be accomplished. Dollars are available to provide support to the level of training required by law for the Selected Reserve (SELRES) end strength as well as other required support. However, dollars associated with costs for additional training, i.e. repair parts, POL, supplies, etc., are not available, resulting in overall OPTEMPO being reduced. Additionally, ODT costs have increased due to mission changes in the European environment. Overseas training requires three weeks verses the programmed stateside training of two weeks, further constraining dollars available.

NR answer. While the Naval Reserve Operation and Maintenance funding has seen reductions in recent budgets, we will continue to train and provide contributory support to the fleet. The reductions in O&M funding are in consonance with planned personnel and force structure reductions, thus allowing us to maintain the required training levels.

MCR answer. The FY 1994 O&MMCR funding level of \$75.1 million will allow for adequate training of a planned force of 36,900 Marine reservists. I want to emphasize, however, that it will not be possible to absorb any unfunded O&MMCR costs in FY 1994, such as peacekeeping operations or environmental cleanup, without a direct and immediate affect on our ability to meet essential training requirements. Clearly, we cannot increase the amount of training above planned levels given the current funding.

AFR answer. We believe that even with the constrained budgets, the Air Force Reserve will meet our training requirements. However, our constrained funding seriously jeopardizes our ability to support the Air Force during what appears to be ever increasing international contingencies.

Question. When will this begin to affect the readiness of the reserve forces? Will we be seeing a return to the "hollow" forces?

AR answer. The IRR within the Army Reserve has already returned to the "hollow" force. Over the last two years, the IRR has increased 26 percent, but dollars provided per soldier to train have decreased 74 percent (from \$145 to \$38). We have had to reduce funding for Troop Program Units, but we have consciously made them the first priority and they continue to demonstrate a high degree of readiness.

NR answer. The Naval Reserve will continue to train at adequate levels to maintain readiness at the highest levels necessary. We will not see a return to the "hollow" force.

MCR answer. The O&MMCR funding for FY 1994 will provide sufficient training and maintenance dollars to maintain an acceptable level of combat readiness for the Marine Corps Reserve. As stated in an answer to a previous question, I am concerned, however, that FY 1994 RPMC funding shortfalls will affect personnel and mobilization readiness because of the severe reductions to our mobilization, training, and special tour programs.

AFR answer. Deterioration of readiness is a real concern. Without adequate funding of operations and training requirements, and sufficient additional manpower to perform new missions assigned to the Air Force Reserve, readiness will suffer. As it stands now, manpower and operations & maintenance shortages have forced us to reduce flying hours in FY 1993 and project additional reductions in FY 1994. The Air Force Reserve is a dedicated force and will stretch to meet the need, but the actual point that it can no longer stretch and becomes "hollow" is difficult to determine.

Question. As the active forces draw down, are the reserve forces required to train more extensively in conjunction with the active components? If so, does this result in an increase of deployments in CONUS and overseas?

AR answer. Yes. The USAR commenced increased overseas deployment training in FY 1993, programmed at a 27-percent increase from FY 1992 (15,570 in FY 1992 vs 20,816 personnel programmed for FY 1993). The FY 1994 ODT plan sustains personnel deployments at approximately 20,000 soldiers. Support for RETROEUR, JCS-directed exercises and nation building continues to increase USAR missions in support of CINC priorities. Increased deployments in CONUS include execution of the Operational Read-

iness Exercises by participating Bold Shift units, support of the JRTC, and Lanes Training at designated CONUS installations.

NR answer. With the draw down of active naval aviation units and shifting of missions and hardware into the Naval Reserve, all Naval Reserve aviation branches are experiencing an increase in taskings to provide more fleet support to the active Navy component. This has resulted in more VR and VP detachments operating overseas, and CONUS TACAIR units providing adversary and electronic warfare training support to deploying active duty squadrons.

The active force draw down has had an opposite effect on surface forces in the Naval Reserve. There has been no increase in either training requirements or funding to support additional training to compensate for reductions in the number of ships and operating shore activities.

MCR answer. Marine Corps Reserve employment priorities in the Total Force are (1) augment the Active Component, (2) reinforce the Active Component, and (3) reconstitute a Division, Wing, and Force Service Support Group. Our readiness philosophy is based on some fundamental concepts. We organize and equip our Reserve units exactly like our Active units. We train and evaluate our Reserve units using the same combat training standards as like Active units. We are uncompromising in our commitment to recruit and retain quality Marine reservists, and we operate with Active forces at every opportunity with the goal of maximizing Reserve/Active integration. A major focus of our training is to include Selected Marine Corps Reserve units in integrated Marine Air Ground Task Force operations, including Joint and Combined Operations within the Continental U.S. and worldwide, alongside Active counterparts.

At the staff level, the Marine Corps Reserve includes two Marine Expeditionary Brigade Command Elements and Individual Mobilization Augmentees assigned to Active Component staffs. The Brigade Command Elements can operate as an independent Marine Air Ground Task Force (MAGTF) Command Element or augment/reinforce active MAGTF Command Elements. Our professional military education, weekend training, and annual training are designed to ensure effective Reserve Staff participation in integrated operations. Active manpower reductions, in concert with the emerging requirement for Marine component staffs in joint operations, will require additional Reserve augmentation of the staffs at higher headquarters.

Today we are heavily committed. The Active force must meet substantial exercise and forward presence commitments and, at the same time, respond to contingencies such as Operation Restore Hope. We expect that this will necessitate more extensive Marine Corps Reserve involvement, and as a result, we are developing innovative employment and planning concepts to expand our Reserve participation.

AFR answer. Reserve training requirements, which are established to insure that reserves are qualified and ready to meet wartime taskings, have not changed. However, the reserve forces have been asked to participate in "peacetime airlift missions" and support of on-going contingencies at much higher levels. Since Desert Storm, requests for reserve augmentation, both in CONUS and

overseas, have remained high. The reserve forces are not funded for contingency response and active duty MAJCOMS are also having difficulty finding flying hour and personnel monies to "buy" reserve augmentation. Also, there is a "finite limit" to the amount of time a reservist can take from his or her civilian job and dedicate to the Reserve, and I am concerned about how many times we can go to the well before it dries up.

Question. Since the reserve components are being asked to maintain more equipment and manage more facilities, what problems does this create in your budgets?

AR answer. There is a growing need for construction to house new or additional equipment. We are planning in the out-years to construct more storage facilities. This increased requirement is due to the following:

(1) The density of our equipment is increasing through purchase of new equipment to upgrade and to make up for shortages. Along with purchases we are receiving equipment that is transferred from Active component units inactivated.

(2) The existing Equipment Concentration Sites (ECSs) are becoming inadequate and overcrowded.

(3) Presently, the USAR is paying \$1.242 million per year for 251,000 square feet at the following Depots:

	Square feet	Amount
Anniston	29,000	\$684,342.00
Seneca	130,000	478,170.00
Letterkenny	92,000	79,488.00

EQUIPMENT RECEIVED

Retro Europe: 93 track vehicles;

Dedicated procurement program:

Received from FY 1990-93, 8,207 pieces;

Scheduled for FY 1993-94, 13,217 pieces.

Additionally, providing new facilities to house equipment has a ripple effect through our existing inventory. The replacement value of all of our facilities exceeds \$3.7 billion dollars. Their average age is 30 years. As stewards of the taxpayers, we proudly take care of these facilities using the limited resources in our Real Property Maintenance Activity account, as authorized and appropriated by Congress. With the dollars from this appropriation the Army Reserve accomplishes an astronomical task of operating facilities which includes repairing and performing preventive maintenance on them. Our facility managers at the Reserve centers are to be commended for the outstanding job they do just to keep the centers operational. Even though they are able to keep the facilities open, they are falling behind in maintaining them. We do not receive enough funding to adequately maintain and repair the facilities the way they should be. A "band aid" fix is often performed instead of the required major surgery. In some cases maintenance has to be deferred until the problem requires a major replacement. Adding new requirements to an over saturated system just exacerbates the

problem. The Backlog of Maintenance and Repair is continuing to rise. The BMAR is \$93.4 million at the beginning of FY 93; it will be almost \$121.5 million at the end of fiscal year 1993.

You have helped us by providing funds to obtain new equipment and build fine facilities. It seems a shame to construct multi-million dollar facilities and allow them to fall into ruin for lack of sufficient maintenance funding. Such an investment in maintaining facilities is prudent and must be done if we are to use federal funds effectively.

NR answer. Aircraft inventory increases from FY 1993 to FY 1994. Increases include additional C130Ts, C-20G, E-P3J and T-39G aircraft. Increases in aircraft inventory are due to increases in logistical aircraft support and fleet contributory support. However, ship hulls decrease from 32 in FY 1993 to 19 in FY 1994.

We are not managing additional facilities. Our square footage of facilities is actually declining.

MCR answer. The Marine Reserve is not being asked, nor do we expect that they will be asked, to maintain or manage more equipment and facilities than that required to meet unit training requirements. We do not anticipate any change to the policy of equipping each Reserve unit in accordance with their authorized training allowance.

AFR answer. In response to past and future base closure actions, the Air Force Reserve will inherit real property from the Active Duty. Correspondingly, Air Force Reserve current mission MILCON, real property maintenance and Base Operating Support requirements will increase. The total impact of these costs will not be determined until BRAC '93 decisions are finalized".

Question. For the record, please provide a list of your high priority unfunded procurement requirements.

AR answer. The USAR high priority unfunded procurement requirements are as follows:

LIN and nomenclature	Quantity	Value (millions)
Priority I—Contingency force pool:		
Special equipment:		
T09094 Tact WTR DIS RX.....	12	\$9.20
H56391 Fire FHT E2 A/AC CL530.....	38	2.00
Z97541 Water qual CTL set.....	25	.09
T19101 Tank assy fabric.....	40	.17
Total.....		11.46
Priority II—Special forces [SOF]:		
Communications/electronics:		
H35404 HF radio AN/GRC-193A inst kits.....	3	.33
R44795 Rad set AN/VRC-89A w/inst kit.....	508	3.05
R45271 Rad set AN/VRC-91A w/int kit.....	291	1.75
NO LIN Trans. Rad Transmitter, TAMT-50.....	1	2.50
Z25490 Digital imaging set AN/ISC-50.....	32	.22
Z25760 Digital imaging set AN/PSC-6.....	120	3.13
N05482 AN/PVS-7B night vision goggles.....	1000	3.00
Z46328 Global positioning sys.....	1478	5.92
X27007 Psychological warfare prog center.....	2	4.60
Total.....		24.5

LIN and nomenclature	Quantity	Value (millions)
Priority III—Structure/sustainment:		
Tactical vehicles:		
T63093 HEMTT wrecker	65	12.20
T58191 HEMTT tanker	26	4.29
T87243 HEMTT tanker	64	10.56
Depot upgrade/maint vehicles:		
MULT LIN M113 family of vehicles conv kits	140	14.00
MULT LIN AN/TTC-39A upgrade to AN/TTC-39D	3	4.50
MULT LIN Medium truck ESP	1,700	90.00
NO LIN Contact maint trk (CMT) (M1097 HMMWV) box/tools only	400	18.50
Total		154.05
Priority IV—Nation building/domestic action:		
Engineer equipment:		
Z20150 Crane, all terrain (ATEC) 25T	160	32.00
E61618 Compactor, Hi speed; VIB (IPC)	49	25.00
Mult LINS dozers, full track	155	25.00
X44403 Trk, dump 20 T (M917A2) chassis	204	15.23
M57048 Asphalt mixing plant (AMP), 150 TPH	2	4.60
Total		101.83
Priority V—Communications equipment/sincgars radios total		101.87
Priority VI—Sustainment/structure: Tactical vehicles total		188.58
Priority VII—Structure/readiness:		
Misc equipment:		
No LIN Interim fire support automation system (IFSAS) IFSAS	61	
LCU W/BCS adaption	72	
Force entry device	215	
Total family		9.89
No5482 AN/PVS-7B Night vision goggles	2,000	6.00
M92362 Machine gun grenade, 40mm, MK19	500	6.88
Mult LINS TQG (*) (generators, power units & power plants) unit sets (5KW & 30 KW generators)	1,000	3.00
C32887 Steam cleaner w/3KW generator	300	3.47
Z97519 3,000 gal ROWPU	30	1.02
W48391 Welding shop, TLR mounted	50	1.96
Chemical equipment:		
R30925 Radiac set AN/PDR-75A	500	4.66
R20684 AN/VDR-2 radiac meter	2,346	6.06
G51840 Smoke generator system XM157	44	.82
C05701 Chemical agent monitor	1,000	6.33
D82404 Lt Wt decon apparatus, M17	100	1.79
Misc equipment total		51.88
Priority VIII—Nation building/domestic action: Medical equipment total		25.57
Priority IX—Readiness/sustainment/force modernization: Misc equipment total		75.5
Total of all equipment		744.24

NR answer. The President's Fiscal Year 1994 Budget adequately provides for Naval Reserve equipment requirements.

MCR answer. The Marine Corps Reserve has no high priority unfunded procurement requirements/deficiencies at this time for FY 1994.

AFR answer. The following list represents our high priority unfunded procurement requirements. I would like to emphasize two in the training device area. First, we require a new C-130H simulator for our new aircraft that have been delivered for which there is not a simulator equivalent. Second, we have a very successful F-16

Multi-Task Trainer that we would like to place one in each of our F-16 squadrons.

Air Force Reserve prioritized unfunded equipment requirement

[In millions of dollars]

Item:	Fiscal year 1994
Training devices.....	32.189
Miscellaneous equipment.....	16.522
C-130E/H upgrades ¹	12.241
F-16 upgrades.....	9.800
O/A-10 upgrades.....	1.000
AC-130 upgrades.....	.200
C-5A upgrades ²	17.541
C-141B upgrades ²	.074
H-60 upgrades.....	20.394
KC-135E upgrades.....	3.160
KC-135R upgrades.....	3.800
Total	116.921

¹ Of the \$12,241,000 identified for C-130E/H upgrades, \$893,034 may be funded by Active Air Force.

² C-5A and C-141B upgrades may be funded by Active Air Force.

Question. Explain to the Committee General McPeak's "Year of Training" initiative, and what the program is designed to achieve. What is the cost of this new initiative for FY 1994?

AFR answer. General McPeak envisioned the "Year of Training" as a master plan for building a coherent education and training architecture. It is designed to achieve: (1) improved course quality, (2) equal training opportunity for all members, and (3) standardized, consolidated training.

The Air Force Reserve's FY 1994 costs for officer and enlisted skill training are \$7.350 million: \$2.430 for officers and \$4.920 million for enlisted.

GUARD AND RESERVE TRANSITION BENEFITS

Question. The Congress authorized the same transition benefits for full time Guard and Reserve members as are being given to the active duty forces. In addition to the Voluntary Separation Incentive (VSI) and the Special Separation Benefit (SSB), the 15-year early retirement has been authorized as a tool to help in the draw-down.

What guidance have you received from OSD to implement these programs? Have you received approval from OSD to proceed with these programs? If not, why not?

AR answer. OSD implementing procedures for the use of 15-year retirement were received by the Army on March 15, 1993. Army Reserve use of 15-year retirement authority as well as VSI and SSB was submitted to the Office of the Secretary of Defense (OSD) by the Secretary of the Army as part of the total Army plan on April 6, 1993. OSD split the Army Reserve and Army National Guard plans from the total Army plan and approved active Army use of 15-year retirement on April 7, 1993. OSD disapproved use of the authority for FY93 for the Army Reserve or Army National Guard on May 7, 1993.

NR answer. The guidance we received from OSD was appropriately detailed section by section by section in accordance with the legislation and provided the Secretary of the Navy discretion where required for force shaping.

Question. Have you received approval from OSD to proceed with these programs? If not, why not.

NR answer. Yes, the Navy has received approval from OSD to proceed.

MCR answer. We received OSD policy guidance on 11 March 1993 and we have submitted our proposed implementation plan to the Secretary of the Navy. Additionally, since the authority to offer VSI/SSB and active duty early retirement to our full-time support personnel requires separate approval from the Secretary of Defense, we have requested approval for these programs via the Secretary of the Navy.

AR answer. A March 11, 1993 memorandum from OSD(FM&P), Lt Gen Alexander, authorizes us to request use of the VSI/SSB and 15 year retirement authorities for full time members.

The Air Force Reserve does not foresee a need to use these authorities at this time as our full time support strength is not projected to decline.

Question. Are your transition benefits adequately funded in FY 1994? Will you be using these benefits in FY 1993? If so, what is the cost of these programs, and will it create a shortfall in the personnel accounts for FY 1993?

AFR answer. Transition benefits for FY 1993 and FY 1994 are not funded or programmed for funding. Costs are: in FY 1993—\$10.8 million, and in FY 1994—\$60 million. We are currently evaluating how to reduce the FY 1993 program this far into the year to make up this "must pay" bill. This is laborious and agonizing. If we must absorb transition costs for FY 1994, the result will be a significant shortfall in personnel accounts.

NR answer. The new transition benefits for both Part-Time (PT) and Full-Time Support (FTS) personnel were authorized by Congress during FY-93. However, the decision to utilize the benefits was not made until the FY-94 budget was finalized and therefore, funds were not included in the FY-94 budget. The FY-93 estimated cost of \$8.9 million for transition benefits will be absorbed within the RPN appropriation through strength drawdowns which will exceed our plan. The projected cost for FY-94 is \$28.4 million (\$11.0 million for PT and \$17.4 million for FTS personnel). The projected FY-94 amount for FTS personnel (\$17.4 million) includes \$10.7 million for VSI/SSB and \$6.7 million for the 15 year early retirement option. A determination will be made during FY-94 execution concerning the method for financing the requirement.

MCR answer. Because the authority to offer transition benefits was received after the submission of the FY 1994 budget, they are not funded. We estimate a requirement of \$4.8 million to fund transition benefits in FY 1994. We are currently working with the Office of the Secretary of Defense to resolve this issue. We will only make minimal use of transition benefits in FY 1993 so we do not expect any shortfall.

AFR answer. Transition benefits are adequately funded in FY 1994. Though we do not plan to use the VSI/SSB provisions for full

time members in FY 1993, we will begin to use the Special Separation Pay (SSP) and Separation Pay (SP) for our Selected Reserve members who are displaced by force structure changes. The estimated cost for these programs is \$2.5 million in FY 1993 and \$4.8 million in FY 1994. The actual cost of this program will be determined in large part by the extent of the end strength reductions and mission changes that occur.

Question. Would each of you explain how you plan to use the 15-year early retirement program. Will it be used selectively as a force shaping tool?

AR answer. The 15-year early retirement program is designed to be used in the Army Reserve in combination with the Voluntary Separation Incentive and the Special Separation Benefit. We will selectively use the incentives to target those population groups that are excess to force authorizations in order to shape the force during the force reduction transition period.

NR answer. Naval Reserve implementation will ensure all members involuntarily separated who have between 15 and 19 years of service have an opportunity to take advantage of early qualification for retirement. We intend to expand this section to include members who are transferred due to billet tenure or promotion attrition. Selection of these categories should aid our efforts to shape the force for the future.

MCR answer. At this time, we plan to offer the 15-year active duty retirement to master sergeants (E-8) on active duty with the Full-time Support program. This offer will be used as a grade shaping tool to reduce the number of master sergeants on active duty in order to comply with statutory end strength limitations.

The 15-year Reserve retirement option will be offered to members of the Selected Marine Corps Reserve whose units are deactivated or relocated.

AFR answer. I plan to use the 15 year retirement only when I can not reassign or retrain Air Force reservists who lose their positions due to force structure adjustments. Each unit inactivation or mission conversion is carefully worked by our personnel folks to make maximum use of attrition to reduce the workforce. Additionally, especially in the case of mission conversions, we attempt to place members in other units in the nearby area, and often offer retraining rather than lose a high quality, participating reservist. Voluntary early retirements are not being contemplated at this time. As Mr. Rush pointed out in his testimony before the House Committee on Armed Services, the implementation of these benefits must take into consideration the high level of lateral entry that creates a highly skilled workforce as well as our limited ability to realign personnel within geographic areas. It does little good to offer a voluntary early retirement in Oklahoma if the unit being activated is in California.

Question. Provide for the record a list, by officer and enlisted, of the number of takers you plan to offer VSI, SSB and the 15-year retirement programs to in FY 1993 and FY 1994.

AR answer. Initial planning was designed to offer VSI, SSB, and 15-year early retirement in FY 1993 with only limited use in FY 1994. Lack of funding or approval for use in FY 1993 has pushed

the FY 1993 program into FY 1994. Projected FY 1994 targets are as follows:

	Officer	Enlisted
VSI.....	71	39
SSB.....	70	85
15-year retirement.....	76	123

NR answer. We have no plans to use either VSI/SSB or the 15 year retirement program in FY 1993. FY 1994 plans follow:

	VSI/SSB	15 Year Retirement
Enlisted.....	298	100
Officer.....	none	90

MCR answer. Based on our current estimates, we plan to offer Reserve Transition Benefits to 131 enlisted personnel in FY 1993, and 263 officers and 801 enlisted personnel in FY 1994.

AFR answer. At this time, we do not plan to use these programs for our full time force. If we determine at a later date it is necessary to use these programs, we will request it from the Secretary of the Air Force at that time.

RECRUITING AND ADVERTISING

Question. The major personnel action affecting the military today is the downsizing of forces. Despite the rapid pace of this draw-down, the DoD still needs to maintain personnel readiness and military effectiveness by recruiting and retaining high quality people.

What are your accession goals for FY 1994? In order to meet these goals, what amount is in your FY 1994 budget for recruiting? Is this amount sufficient in order to continue to access high quality recruits?

AR answer. The accession goals for FY 1994 are 45,032 total accessions. Of that goal, 18,012 are projected to be new recruits. The projected quality goals are 95% of greater High School Diploma Graduates, 67% or greater Test Category IIIA and 2% or less Test Category IV. The amount budgeted for recruiting, retention and advertising is \$32.8 million. This amount is thought to be insufficient based upon projected market trends. The declining propensity to join the military coupled with the smaller number of eligibles requires greater resourcing in order to recruit quality soldiers.

NR answer. Our projected goals for FY 1994 are 17,500 Enlisted and 1,688 Officers respectively.

Our FY 1994 budget contains \$13,893,000 (O&M,NR) for recruiting.

Yes, this amount is sufficient.

MCR answer. The accession goals for FY 1994 are as follows: Non-Prior Service: Enlisted—5,400; Prior Service: Enlisted—3,200; Officer—786; Totals—9,386.

In FY 1994, we have allocated \$4.77 million to recruiting in the Operation and Maintenance, Marine Corps Reserve (O&MMCR) appropriation. This funding is the Reserve contribution to the Marine Corps Total Force Recruiting effort and I believe it is adequate to recruit the high quality personnel we want in the Marine Corps Reserve.

AFR answer. Air Force Reserve accession goals are based on local unit end strength requirements. Our goals for FY 1994 are to recruit to 100% of our authorized end strength. We anticipate needing approximately 11,000 new accessions. \$20.955 million is budgeted for Reserve Pay and Allowances and Operations and Maintenance. This does not include bonus and incentives (\$6.5 million) or advertising costs (\$3.3 million). Is this amount sufficient? Frankly, no. To meet the challenges of the drawdown period and sustain our ability to attract high quality accessions, we need additional manpower (AFRES/RS estimates we need an additional 20 recruiters) and advertising dollars (AFRES/RS estimates we need a total of \$7.24 million to be minimally effective in all media).

Question. What is the quality of the new recruits we are currently accessing? Will we begin to accept more Category IV's as the population of 18-21 year olds decreases?

AR answer. The Army Reserve is meeting the quality goals established for new recruits. Current quality accomplishment reflects 96% as High School Diploma Graduates, 78% as Test Category I-III's and 2% as Test Category IV's. The Army Reserve believes the current quality goal of no more than 2% Test Category IV's is achievable for FY 1994.

NR answer. Very high. Our percentage of upper mental group accessions is even slightly higher than recent years, which were also successful.

No. Our non-prior service program is likely to decrease during the drawdown and we see no reason to anticipate a reduction in availability of upper mental group accessions.

MCR answer. The quality of our recruits has steadily increased since 1985. Although recruiting remains a formidable challenge, FY 1993 results to date remain strong. We have enlisted 97.8 percent high school diploma graduates, with 77.6 percent scoring in the upper aptitude category (AFQT of 50 or above). The Marine Corps does not plan to accept Category IV's. As restructuring occurs throughout the Total Force, we are convinced that it is even more important to recruit only high quality personnel.

AFR answer. 100% of the recruits accessed thus far in FY 1993 were in categories I through IIIA. Because of the large number of prior service members we recruit (84% in FY 1992), we continue to be able to recruit highly qualified members in the short term. Accessing sufficient numbers of quality recruits will be tougher as the target population decreases.

Question. What are each of you budgeting in FY 1994 for advertising? Due to funding constraints, how are you focusing your advertising dollars? Are we applying any new approaches toward ad-

vertising to counter the perception among the public that the military is not hiring?

AR answer. The Army Reserve is budgeting \$9.9 million for advertising in FY 1994. A study is currently on-going to best determine if the current methods used to promote the Army Reserve need to be changed. The study is scheduled to be completed in July 1993. The estimate projects the outcome will translate into a change for how radio and print are used. In keeping with emphasis on quality, advertising may become more directed at high school and college markets and less at the general market. Paid television advertising is not currently being used and is not anticipated to be used in FY 1994.

NR answer. \$2,784,000 (O&M,NR) in FY 1994.

The Naval Reserve's primary advertising effort is targeted toward Navy and other service veterans, both officers and enlisted of both sexes. The FY 1994 advertising campaign includes a combination of national print, spot market radio, direct mail and public service announcement radio spots, as well as local newspaper advertising and local direct mail programs.

Both radio and print advertising are caveated as follows: "Despite what you have heard about the military downsizing, the Naval Reserve has many job opportunities for veterans and non-veterans alike."

MCR answer. The FY 1994 O&MMCR budget request for advertising is \$2.426 million. This is the Reserve contribution to the Total Force recruiting effort. Since recruits for the Active and Reserve Components are drawn from the same target population and are recruited by the same recruiters, our "total force" concept allows for increased economies of scale resulting from advertising programs funded by both O&MMC and O&MMCR appropriations.

In FY 1992 we adopted the "Tough and Smart" theme, which was the result of our semi-annual advertising research study. This theme, while still effective, has been enhanced over time by adding new initiatives such as the Marine Corps College Fund.

In response to the downsizing of the Department of Defense and the public perception that the military is no longer hiring new recruits, the Marine Corps has produced two television and one radio public service announcements (PSA). We send our PSAs to 1,725 television/cable feed stations and 4,123 radio stations. Our PSAs attain advertising valued at 1-1.5 times that of our paid schedule.

AFR answer. \$3.3 million is budgeted for advertising in FY 1994. Our advertising dollars are focused exclusively on media in the local areas where our vacancies are. Because of budget limitations, we have virtually eliminated national Air Force Reserve awareness advertising except for critical hard-to-fill medical specialties. We are using a more "grassroots" approach. Our recruiters are working harder to reach local government, business, and education leaders with our story.

Question. As the demand on the reserve components increases and reservists are torn between their reserve job and their other commitments, do you foresee higher attrition rates? How will this affect retention within your components?

AR answer. Soldier retention rates are affected by multiple factors. Retention rates after Operations Desert Shield and Desert Storm did not appreciably drop for the Army Reserve. One of the principle reasons soldiers remain is the individual's belief that they are performing meaningful duty. If the Army Reserve is sufficiently resourced so that leaders can provide meaningful training, combat ready equipment and viable deployment plans, the soldier perceives they are important and stays in the Army Reserve. The opposite is true as well. Some higher attrition may occur as demands increase. This happened in selected groups after Southwest Asia. A key factor for retaining some Army Reservists is a viable business protection plan. An on-going study by RAND indicates a strong desire by Army Reservists for some sort of insurance to protect their private interests while mobilized. If the Army Reserve can provide a viable method to sustain the soldier's private life when mobilized, our quality soldiers will be retained.

NR answer. I believe that our members who served during Desert Shield/Desert Storm demonstrated once and for all that today's Naval Reservist is dedicated to the mission and ready to serve. However, if we get to the point where our members are required to be available for every little contingency which arises, we could have problems, especially among our members who are self-employed or in private medical practice.

MCR answer. For many members of the Selected Marine Corps Reserve, participation is a delicate balance between civilian employment (or self-employed occupation), quality of family life, and weekend/annual active duty Reserve training. That said, retention today is higher than it was before Operation Desert Storm. Realistic missions and tough, challenging training contribute to retention by making service with the Marine Corps Reserve both personally and professionally rewarding.

This does not mean that we can place unlimited demands on our reservists. Regardless of the laws governing re-employment rights, increased demands for active duty service will undoubtedly place an additional strain on the employer/employee (reservist) relationship. Also, as was demonstrated during Operation Desert Storm, prolonged activation was very costly for some self-employed reservists.

AFR answer. We are already seeing some decline in retention rates among first term airmen. This is a very real concern for me. The spirit of volunteerism has a limit and we must be careful not to let the well run dry. Last year reservists gave the Air Force an average 80 days, twice as many days as they are required to do. Many of those days are not spent training at their units close to home, but performing active duty missions that take them to many parts of the world. I am concerned that these higher demands will eventually take its toll as pressures from families and employers will influence our good people to stop participating in the Selected Reserve.

I have asked my commanders to keep it in mind as they consider their training and peacetime utilization commitments. We are also stepping up our efforts to secure the support of both civilian employers and families. Additionally, we appreciate your support in approving improved benefits and entitlements which act as incentives for retention.

EQUIPMENT MODERNIZATION

Question. The drawdown of the Army active forces provide modern equipment for redistribution to the Army National Guard and Reserve forces. Much of the equipment are in the process of being returned to CONUS from Europe. The Army plans to transfer much of this equipment to the Army Reserve and National Guard.

Will the Army Reserve receive the right type of equipment from the downsizing of the Active forces? If not, what types of equipment are not included but are required for Army Reserve readiness?

AR answer. The Army Reserve will receive some equipment from Active Component (AC) unit drawdowns and redistribution of equipment from Europe (RETROEUR). The quantities and types are not fully identified at this time. Equipment displaced by AC unit inactivations will be redistributed to the USAR by Department of the Army Office of the Deputy Chief of Staff for Operations in Department of the Army Master Priority List (DAMPL) sequence, for each line of equipment. Currently, from RETROEUR, approximately 100 pieces of equipment have been identified for redistribution to the USAR in Fiscal Years 1993-1995. Approximately 100 pieces are planned for redistribution to us outside of RETROEUR in Fiscal Years 1993-1994 as a result of AC force drawdown. At this point in time there is no indication that Fiscal Year 1994 will see a significant increase in redistributed equipment beyond what has already been identified. This is primarily because the bulk of SAR equipment requirements are for component-common combat service support equipment, as opposed to combat or combat support.

Even after RETROEUR and other redistribution actions, the USAR will remain critically short tactical communications; medium and heavy tactical trucks, tractors, and trailers; power generation; general and special purposes; construction; and night vision equipment.

NEW BOMBER MISSION

Question. Included in the fiscal year 1994 budget for the Air Force Reserve is the strategic bomber mission. General Closner, please tell the Committee how many B-52 aircraft the Air Force Reserve will receive in FY 1994.

AFR answer. During the last POM cycle, Air Force leadership decided the Air Force Reserve is capable of participating in the strategic bomber mission. However, until the upcoming public announcement, the organizational structure, beddown location, and manpower impacts remain classified.

Question. What additional support cost will be necessary in FY 1994 for these aircraft?

AFR answer. Operation and Maintenance cost for FY 1994 is \$18.4 million, and Reserve Personnel cost is \$3.6 million. These costs are phased in for FY 1994 and are not a full-year cost. An additional \$2.1 million will be needed in the Air Force Reserve P341 budget to modify various facilities to support this mission.

Question. What additional end strength is necessary to support these aircraft?

AFR answer. Manpower adjustments associated with this mission remain classified until the upcoming public announcement.

Question. This mission will call for an increased amount of training on the part of the reservist. Do you foresee any problems with reservists obtaining this training?

AFR answer. No. We have always enjoyed good support from active trainers for our conversions and mission changes. This new mission is no less challenging than the 1984 conversion of our 433 Airlift Wing in San Antonio from C-130s to the first-ever Reserve unit to be equipped with the C-5A Galaxy. The programmed duration of the bomber conversion will accommodate crew training comfortably within the active force's school capacity. Active duty crews will also temporarily join the unit to help establish an effective internal training program at unit level. The commander of Air Training Command has pledged priority placement for all Guard and Reserve students whose training, if delayed, would directly affect unit readiness.

Question. Where will the bombers be located in how many units?

AFR answer. Until the upcoming public announcement, the organizational structure and biddown location remain classified.

WC-130 WEATHER RECONNAISSANCE MISSION

Question. The FY 1993 Conference Report directed the Air Force Reserve to dedicate 10 PAA/2 BAI aircraft to the weather reconnaissance mission. What number of aircraft does the FY 1994 budget proposed to support and why?

AFR answer. This FY 1994 budget supports 9 PAA/1 BAI based on an Air Force position established prior to Congressional review of the FY 1993 budget request. The FY 1993 conference report directed the Air Force to dedicate 10 PAA/2 BAI aircraft to the weather reconnaissance mission in FY 1993.

Question. What number of flying hours does the FY 1994 budget support for the WC-130 mission?

AFR answer. 2400 hours (1600 hours operational; 800 hours for proficiency training).

Question. Does the FY 1994 budget support the Air Force Chief of Staff decision of August 28, 1992 to establish a stand-alone squadron manned with 8 Air Reserve Technician (ART) line-assigned aircrews and 12 Reserve line-assigned aircrews? If not, what needs to be added back to support that decision?

AFR answer. Yes, The FY 1994 budget supports a stand-alone squadron of 8 ART/12 Reserve line-assigned aircrews, for 9 PAA/1BAI, and 2,400 flying hours. An add back would be necessary if an

increase in force structure is directed for FY 1994; i.e., 10 PAA instead of the programmed 9 PAA.

P-3 FORCES

Question. The Navy has proposed retirement of all P-3B aircraft, which are currently assigned to Reserve squadrons. In place of the aircraft, the Navy proposes P-3C aircraft, but the Navy does not appear to have sufficient P-3C inventory to keep all of its Active and Reserve squadrons fully operational at 8 aircraft each while at the same time embarking on a robust maintenance plan called "The Sustained Readiness Program".

Admiral Hall, what are the significant support and infrastructure differences, if any, between the P-3B and the P-3C?

NR answer. The major difference between the P-3B and the P-3C platform is the computer which runs the ASW equipment. The advantage of being an all P-3C force is having just one supply system which will provide world wide support.

Question. Are P-3B aircraft in need of as much structural repair as the P-3C aircraft?

NR answer. It is very difficult to make a general statement that the P-3B aircraft is in better material condition than the P-3C aircraft. Each aircraft has been flown under different conditions, so the material condition of each aircraft varies. In general, it should be noted that the P-3B aircraft is older than the P-3C platform.

Question. If Reserve facilities are currently configured to support P-3B aircraft, what will be the cost of transition to P-3C aircraft?

NR answer. The cost of transition will vary from base to base depending upon what other aircraft are supported at the base. Some equipment will shift to the Naval Reserve as the active force becomes smaller. In addition, other savings will occur in Aviation Supply as it will support one type model series instead of two.

Question. How many P-3 squadrons does the FY 1994 budget support?

NR answer. The FY 1994 budget provides for 16 active P-3 squadrons and nine Naval Reserve squadrons.

Question. What assurances have the Reserve P-3 community received that squadrons will be kept at 8 aircraft each during the next few years when a large number of P-3C aircraft will be in maintenance?

NR answer. The FY 1994 President's budget and the FYDP calls for both active and reserve squadrons maintaining a PAA of eight aircraft. When a squadron sends an aircraft through the Sustained Readiness Program it will have the same effect on the squadron as sending an aircraft through Scheduled Depot Level Maintenance (SDLM).

C-130 AIRCRAFT

Question. General Closner, on February 3, 1993, the Committee was provided with a list of equipment scheduled for procurement for Guard and Reserve units. The list noted that \$248.3 million for eight C-130 aircraft was planned to be reprogrammed to cover expenses for Operation Restore Hope. Last week the Department of Defense initiated the reprogramming for Operation Restore Hope

and none of the sources include C-130 aircraft. What are your current plans for use of the funding provided in fiscal year 1993 appropriation for C-130 aircraft?

AFR answer. Immediately upon release of the funds from OSD, we will take every action to procure as many C-130Hs as the funding will allow. We hope that through aggressive negotiations, we will still be able to buy the four that Congress directed.

Question. The Congress has been criticized in the past for adding money to buy C-130 aircraft. If you buy all of the aircraft specified in the fiscal year 1993 appropriation, how many more aircraft are required over the next five years?

AFR answer. Our past concerns have not been about Congress buying new C-130 aircraft to modernize the Air Force Reserve fleet, but about not getting a full C-130 support package. Along with new aircraft, we also need additional flying hours, manpower, logistic, and base operating support funding. We appreciate the opportunity to modernize the C-130 fleet and desire to continue if funding permits. Our C-130E model aircraft can be completely replaced with C-130H model aircraft if we sustain a replacement rate of eight C-130 aircraft for the next five years.

KC-135 REENGINEING

Question. The fiscal year 1994 budget request contains no funding for the continued reengining of the KC-135 tanker force. What is the present reserve force structure of the KC-135 fleet? As of fiscal year 1999?

AFR answer. The present Air Force Reserve KC-135 force structure is 50 PAA as of FY 93/4. This will increase to 60 PAA by the end of FY 94/4 and is programmed to remain 60 PAA until FY 1999.

Question. What percentage of the overall air refueling mission is performed by the Air Force Reserve today? What will this figure be in 1999?

AFR answer. The Air Force Reserve contribution to air refueling is approximately 11% of the total force. The Air Force Reserve contribution is expected to increase from current 11% of approximately 18% in the air refueling mission.

Question. How many guard and reserve KC-135E's have been reengined to the "R" configuration to date? How many KC-135E's will remain in the guard and reserve force structure?

AFR answer. None for the Air Force Reserve. However, the active Air Force will transfer 20 KC-135R's in FY 93/3 and an additional 10 R-models by FY 94/4 to AFR. The Air Force Reserve will maintain 30 KC-135E's.

Question. It has been estimated that the operating and support (O&S) costs including fuel, of a single KC-135E is approximately \$3 million per year while O&S costs of a KC-135R (reengined) is \$2.5 million. Do you believe these figures are accurate? Has the ANG or Reserve done any independent analysis on the cost-effectiveness of reengining the remainder of the guard and reserve KC-135 fleet?

AFR answer. These estimates would appear reasonable. However, the Air Force Reserve did not participate in the study or per-

form an independent analysis; therefore, we cannot confirm the cost figures stated above.

Question. The KC-135E models that are still left to be reengined do not meet current FAA noise restrictions and will be even more noncompliant when more stringent restrictions go into effect in a couple of years. This poses a difficult problem for the Guard because of their co-location at commercial airports. The KC-135R meets all current and proposed noise restriction. How serious is this problem for the Reserve?

AFR answer. Air Force Reserve KC-135 units are not located at commercial airports; therefore, we do not face the operational restrictions the guard experiences. We have five units located on Air Force installations only.

Question. What operational impact could this have on the KC-135 mission?

Answer. None presently because the Reserve operates from Air Force installations. However, future environmental compliance, especially when operating from commercial airports may place significant restrictions on the KC-135E model mission.

Question. For the record, please provide the location of all Reserve units that will be co-located at commercial airports with KC-135E's.

AFR answer. None.

Question. Do you concur with the active Air Force's decision to discontinue reengining of the KC-135 fleet?

AFR answer. The active Air Force decision to discontinue reengining the KC-135 fleet was based on force structure requirements and fiscal constraints. We concur with their judgment. However, the Air Force Reserve retains 30 KC-135E tankers that could be reengined, resulting in improved performance capabilities and compliance with future environmental requirements. Therefore, should funding be made available to the Reserve, we would support reengining our tankers.

DRUG INTERDICTION ACTIVITIES

Question. The fiscal year 1994 budget request contains \$150.7 million in support of Guard and reserve drug interdiction activities, a reduction of \$15.4 million from FY 1993.

Your mission seems to be expanding while funding is decreasing. Is your FY 1994 program executable?

MCR answer. the O&MMCR funding for drug interdiction remains level from FY 1993 (\$1.411 million) to FY 1994 (1.466 million). The Reserve Component drug interdiction mission also remains constant. Based on planned drug interdiction requirements for the Marine Corps Reserve, the FY 1994 O&MMCR program is both necessary and executable.

AFR answer. Yes, the Air Force Reserve drug interdiction budget is executable in FY 1994. It increases from \$4.1 million in FY 1993 to \$22.2 million in FY 1994. The following table summarizes drug interdiction funds for FY 1993 and FY 1994.

	FY 1993	FY 1994
Reserve Personnel, AF.....	2.2	6.2
Operation & Maintenance, USAFR.....	1.9	5.9
Equipment:		
C-130 FLIR.....		5.7
Security Police Support.....		2.4
Firearm Simulator.....		1.7
LIONS Program.....		.3
Subtotal.....	0	10.1
Total.....	4.1	22.2

Question. Bring the Committee up to date on the status of the Navy Reserve's Mobile Inshore Undersea Warfare (MIUW) program. How many units currently operate the MIUW vans?

NR answer. 28 units, located throughout the Continental United States, operate the MIUW vans.

Question. How effective has their performance been to date?

NR answer. Their performance has been highly effective. Several of the units were recalled during Operation Desert Shield/Storm where their mission was to conduct Port Security and Harbor Defense. In addition they have been involved in several drug interdiction missions. This included Operation Walleye, where at the request of Joint Task Force Four (JTF 4), they conducted Counter-Narcotic Surveillance Operations in the US Virgin Islands and Puerto Rico from October 1990 until April 1992.

Question. Do you anticipate procuring any more MIUW vans or forming additional units?

NR answer. There are no plans to increase the number of MIUW units beyond the current 28 units nor procure any more vans. However, there is an ongoing system upgrade program for the MIUW vans which includes: integration of Mobile and Portable Sensor Platforms, upgraded communication systems, graphical data fusion systems, and embedded readiness training systems.

Question. General Closner, the budget contains \$10 million in procurement funding for Air Force Reserve Counterdrug Support to equip C-130's with FLIR systems. What is the requirement for AAQ-22 FLIR systems for C-130's performing detection and monitoring missions? How many C-130s will be equipped? Is this initiative part of the formal C-130 modification plan or a unique counter-drug requirement?

AFR answer. Air Force Reserve units will participate in detection and monitoring missions through various Unified and Specified CINCs in support of law enforcement agencies (LEAs). These FLIR systems will enable the AFRES aircraft to provide wide areas surveillance for methamphetamine laboratories and indoor marijuana grows located on public land. In addition, these FLIR equipped aircraft will enhance safety of flight through obstacle avoidance and clearance, landing zone identification and passive navigation support during these missions. In FY 94 the Air Force Reserve will spend \$5.65M for equipping aircraft and purchasing FLIR equipment for 10 HC-130 rescue tankers and 14 C-130 aircraft. The program will be completed in FY 95 with a total of 62 HC/C-130's equipped with basic wiring (Group A equipment) and

24 AAQ-22 FLIR sets available for rotation. This concept will allow FLIR sets to be placed at the most advantageous location to conduct counter drug operations.

This initiative is not part of the formal C-130 modification plan. This is an Air Force Reserve counter drug effort to support the overall Secretary of Defense counter drug program.

78TH INFANTRY DIVISION (EXERCISE)

Question. General Sandler, for the record, please tell the Committee if the Army is still following the consolidation plan of the 78th IDE as provided in the February 11, 1992 letter report by the Assistant Secretary of the Army (Manpower and Reserve Affairs) to our Committee.

AR answer. Yes, we are implementing the plan as outlined in the February 11, 1992 letter report to your Committee. The 78th Division (Exercise) and four additional Division (Exercise) have been documented for activation in October 1993. I have allocated resources in support of these activations.

[CLERK'S NOTE.—End of questions submitted for the record.]

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